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SWP
SUSTAINABLE WATER PARTNERSHIP

Private Sector Engagement in the Water Security Improvement Process

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SECTION 1: MOTIVATIONS AND DRIVERS FOR PRIVATE SECTOR ACTION ON WATER

Improving the sustainability of a watershed requires active engagement with all major water users — particularly private sector actors, which can be large, impactful and politically influential water users.

However, engaging the private sector in broader water security efforts requires understanding their motivations and drivers, including their water risks (see Box 1) and business opportunities. Figure 1 (below) provides a high-level overview of how the socioeconomic conditions of a watershed contributes to companies' water risks.

1. Definition of Water Risk

Water risk (for companies): The possibility of an entity experiencing a water-related challenge (e.g., water scarcity, water stress, flooding, infrastructure decay, drought). The extent of risk is a function of the likelihood of a specific challenge occurring and the severity of the challenge's impact. The severity of impact itself depends on the intensity of the challenge, as well as the vulnerability of the actor.

When describing the private sector as it relates to water stewardship, one can think of four major categories: major water users (e.g. beverage and food companies); water and sanitation service providers; technology providers that serve the water users or service providers; and the financial services industry, which may be interested in investing in water stewardship initiatives or technologies.

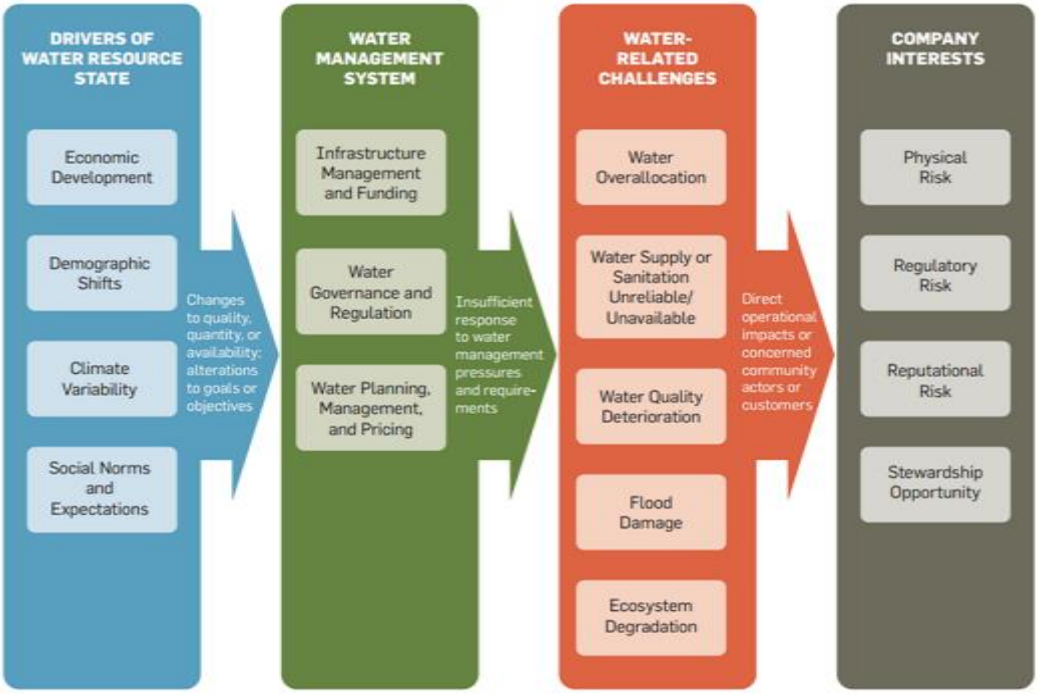

Figure 1. Characterizing Water-Related Challenges, Causes, and Risks[1]

WATER-RELATED RISKS

In practical terms, companies, particularly those in water-intensive industry sectors, generally recognize that water challenges pose significant business risks across their entire value chain,

including the supply chain. Box 2 introduces the different types of corporate water risks. Corporate water risks differ between industry sectors and geographic locations. For example, the beverage industry has greater water risks because it requires higher quality water compared to other industry sectors. Furthermore, industries located in water-stressed geographic locations such as Northern California may encounter more severe water supply problems as climate change reduces the Sierra Nevada snowpack.[i]

2. Types of Corporate Water Risks

Physical risks: Current or predicted changes in water quantity (e.g., droughts or floods) or quality that may impact a company's direct operations, supply chains and/or logistics (e.g. disruption of electric power due to water stress as many electricity sources require water for cooling).

Regulatory risks: The impacts of current and/or anticipated water-related regulations on a given company. As water stress increases, local and national governments are responding with more stringent water policies. If unanticipated, these regulatory changes can prove costly to companies and, in some cases, limit industrial activities (e.g., the EU and China have instituted stricter water related regulations in recent years).

Reputational risks: Current or potential conflicts with the public regarding water issues that can damage a company's brand image or result in a loss of the company's license to operate in a certain community (e.g., reputational risks are common in developing countries where infrastructure and/or regulation may not be sufficient to provide all users with access to safe reliable drinking water supplies). Source: Ceres 2012

Water risks can also result from a company's actions rather than from existing river basin conditions. Figure 2 (below) depicts the difference between river basin and company risks. How a company interacts in a river basin through their water use in the production of goods or services can further increase or decrease their water risks. For example, a company's ability to manage their wastewater may lead to better or worse water quality issues in the river basin.

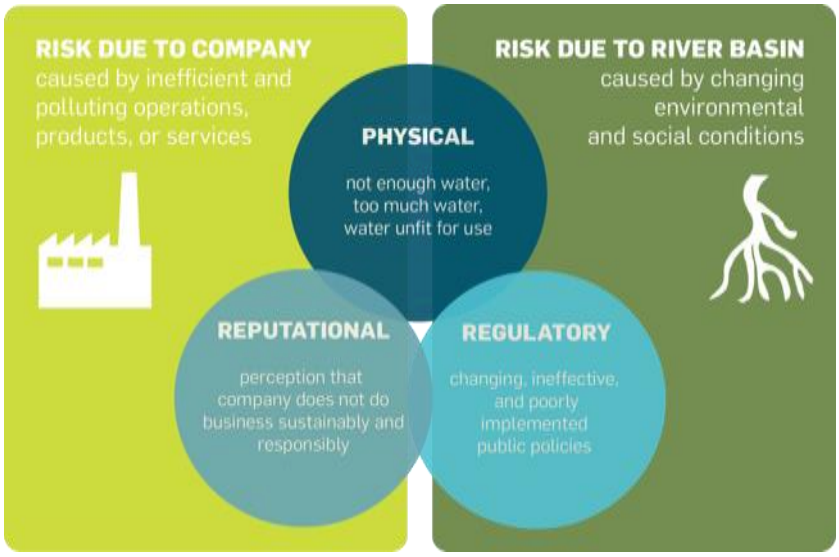

Figure 2. Difference Between Basin Risk and Company Risk[1]

With the rise in water risks globally, companies (as well as communities, governments and others) are increasingly turning to water stewardship as a tool to address critical water risks and drive sustainable water management.[ii][iii]

Private sector water stewardship is the use of water in ways that are socially equitable, environmentally sustainable, and economically beneficial.[iv] This allows companies to manage the water risks that threaten their growth and viability. It also allows companies to identify a number of water-related business opportunities, examples of which are shown in Box 3. Both business risks and opportunities are powerful motivators for companies of all sizes to engage in improved water management and water stewardship practice.[v]

WATER STEWARDSHIP PROGRESSION

3. Types of Water Stewardship Opportunities

Reducing costs through efficiencies and reducing pollution:

- Maintaining and strengthening license to operate
- Gaining a competitive advantage by boosting brand value
- Contributing to human rights, achieving Sustainable Development Goals and contributing to solving the world's water crisis

The water stewardship progression illustrates the activities that companies ideally take to address their water risks. They include basic to more advanced activities based upon recognition and availability of resources that companies should use to address their water risks.[vi] Figure 3 illustrates the water stewardship progression. Typically, companies initially focus on activities within their own operations, such as implementing efficiency programs or more comprehensive wastewater management practices. Over time, companies frequently discover that they face water risks that lie outside of their owned and operated facilities (e.g. river basin management issues) and that it is either too costly or impossible to relocate to avoid these risks. These companies then advance their water management programs to address a wider array of water risks, introducing activities such as by developing a comprehensive water strategy, integrating water into supply chain management practices, engaging in water management activities outside the company fence line, or water stewardship activities. See Appendix 1 for an illustrative list of water stewardship activities.

Figure 3. Water Stewardship Progression[vii]

Companies in water intensive industry sectors are generally much farther along the water stewardship progression than those in less water intensive sectors. They usually have more comprehensive water stewardship efforts that cover a range from basic levels of response (such as internal operational aspects and the adherence to local regulations) to more complex engagements (such as co-investments in interventions within the river basin and engagement in public policy). Whether motivated by risk mitigation, cost reduction or market opportunities, there are ample opportunities for the private sector to engage in stewardship.

SECTION 2: UNDERSTANDING THE ROLE OF THE PRIVATE SECTOR IN WATER SECURITY

As described above, water stewardship fundamentally focuses on using water in a way that is socially and economically beneficial while also being environmentally sustainable. It depends upon proactive and continued engagement with a variety of stakeholders to ensure that stewardship interventions improve local water conditions, benefiting the environment and society at large. This framing aligns well with the expected outcomes of the Sustainable Water Partnership (SWP). SWP defines water security as "the adaptive capacity to safeguard the sustainable availability of, access to, and safe use of an adequate, reliable, and resilient quantity and quality of water for health, livelihoods, ecosystems and productive economies."

Improving water security requires proactive engagement with companies who have an impact on local water resources, whether directly or through their suppliers. Governments need to understand the role companies play at the global (through multinational corporations) and local (whether national companies or suppliers to multinational corporations) levels in terms of impacts and contributions for more sustainable water management. The span and influence that companies have— not just in their manufacturing facilities, but also through their supply chains — can have major impacts on local water resources. Changing company water behaviors can go a long way in ensuring water security. In addition, companies also have major resources, whether informational (data), human or financial, that can contribute to water security projects.

As companies begin to engage more in water stewardship activities beyond their four walls, the connections between stewardship and water security are further strengthened. Table 1 highlights how water stewardship activities along the stewardship progression contribute to the dimensions of water security. More detailed exploration of how these types of activities have played out in practical case studies are presented in Section 3.

Table 1. Connection Between Water Stewardship and Water Security

	Water Security Dimensions			
Contribution via Corporate Water Stewardship and Core Practices	**Economy & Livelihoods**	**Drinking Water and Human Well-Being**	**Ecosystems**	**Populations Resilient to Water-Related Hazards**
Addressing operational issues	Improving operational efficiencies and improving water quality measures which impact water for economic growth and livelihoods	WASH in the workplace and addressing minimizing water use/water quality impacts affecting human health	Operational efficiencies and water quality controls limit impacts on local ecosystems	
Understanding basin, context and impacts		Understanding company impacts on local watersheds and the rights to water and sanitation	Enables a better understanding of company impacts on local ecosystems	
Developing water strategy and raising awareness internally	Enables company to develop targets and strategies that influence local water conditions to ensure long term water sustainability for economic growth	Companies develop strategies that ensure WASH in the workplace, but also integration of broad range human rights practices	Strategies that set targets that consider local context and impacts on ecosystems	Strategies that integrate climate resilience and can ensure populations are taken into account, whether farmers or communities that are most at risk of pollution or climate-related incidence

Leverage improvements in value chain	By engaging across the value chain, companies can further extend their influence to ensure a greater variety of companies adopt sustainable water practices	By using business influence to effect changes including ensuring worker access to WASH and integration of good human rights practices, water resources are protected and improvements in access are made	Companies engage their suppliers and buyers to understand their impacts on ecosystems and help them adopt measures that preserve ecosystems so that water security can be strengthened	ntegrating climate resilient water strategies, particularly in agricultural value chains, can help farming communities be resilient to major hazards like droughts or floods
Advancing water sustainability via collective action	A variety of business actions working in conjunction with others can tackle a range of topics, whether to address ecosystem restoration, local communities' access to water and sanitation, or working with farmers and communities on climate-resilient projects to ensure long-term economic growth and overall well-being.			
Advancing water sustainability via policy engagement	Similar to collective action and partnerships, work by companies to promote more sustainable water management with governments or in support of government priorities can have wide ranging positive impacts for ecosystems, for people and for general overall economic well-being. Examples of this may include: 1) Supporting government actions that set standards for ecosystem health; 2) working with the governments on water issues tied to chains of smallholder farmers where governance is weak; or 3) integrating water management and climate change strategies that impact companies.			
Communicating with external stakeholders	Underscoring all water stewardship action is continuous and effective stakeholder engagement with local communities, government and investors. Having this continuous feedback loop ensures that company-led strategies and activities directly support public sector water security efforts to improve water access, safeguard ecosystems and ensure long-term water needs for economic growth.			

Though companies can take internal action, such as improving water efficiency or managing wastewater impacts to improve their water security, the most consequential actions often require working with others at the river basin or watershed scale through policy engagement or collective action. In deciding what actions to take, companies need to understand the broader context, which can be established through a water security process that involves policymakers and other key stakeholders. Although larger companies are increasingly interested in engaging in these processes, we must also recognize that involving companies (particularly larger or locally powerful ones) can lead to unforeseen or perverse outcomes that, due to the private sector's outsized influence, can benefit companies more than other stakeholders. As such, it is important to integrate the principles and toolkits developed in *Managing Integrity in Water Stewardship Initiatives*, illustrated in Figure 4 (next page), to ensure that the involvement of companies leads to the improvement of public sector water goals and priorities.[viii]

Lastly, although companies have come a long way in tackling risk, it is often the case that river basin risk cannot be fully addressed without proactive government action. Without governments

leading the way to create appropriate policy and regulations, water users do not have a solid base from which to pursue collective action, and hence remain subject to very high water risks.[ix]

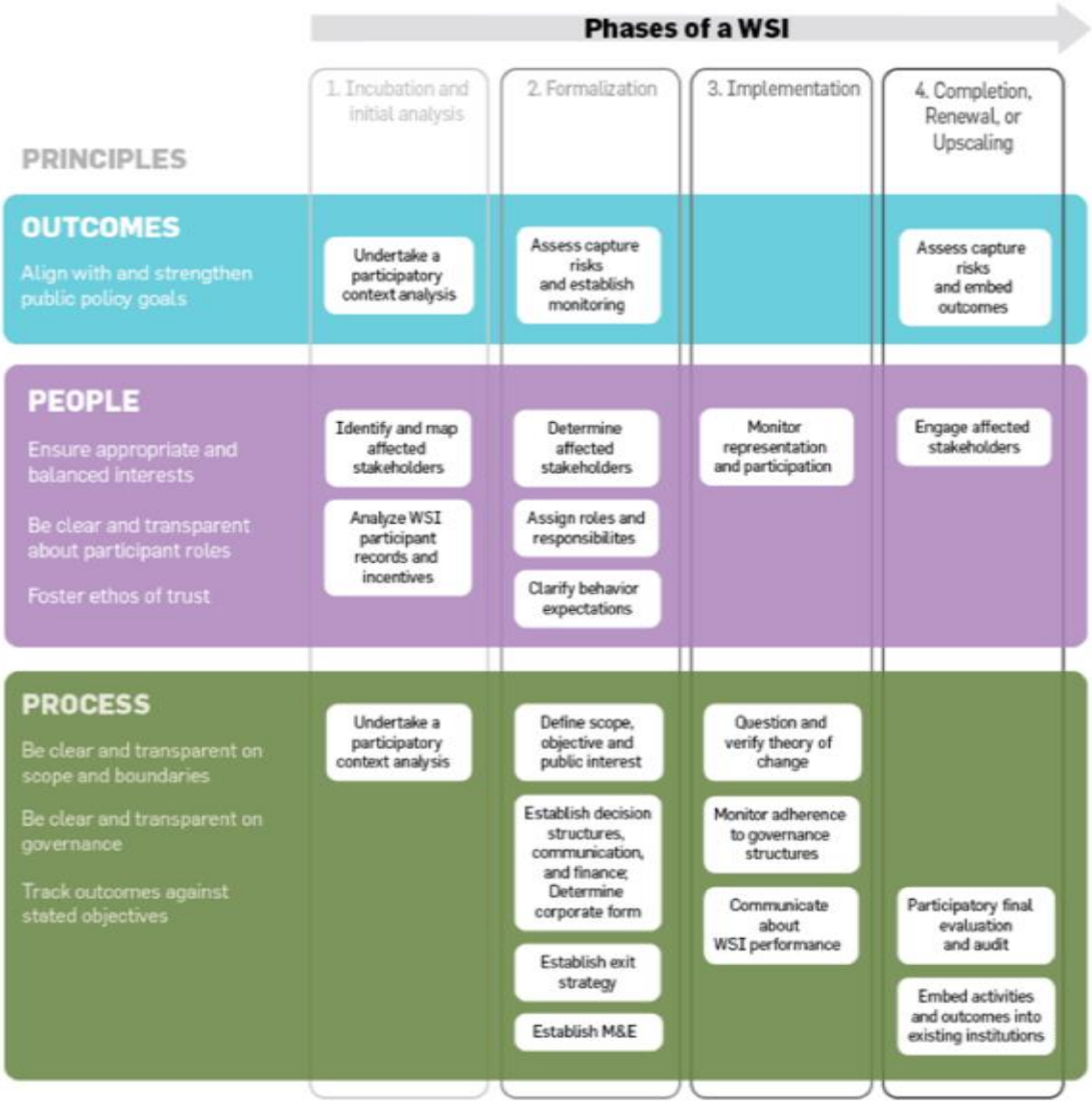

Figure 4. Central Principles That Are Applicable to Water Security Process Engagement[x]

SECTION 3: TYPES OF PRIVATE SECTOR PARTNERS

The types of private sector partners that are interested in directly engaging in water stewardship and water security span several different categories. Brief descriptions of the type of partners and their motivations (e.g., the water risks they face and water stewardship opportunities) are summarized in Tables 2 and 3.

Broadly speaking, there are eight industry sectors that require large quantities of water or have substantial wastewater discharges associated with their direct operations, supply chains and/or

products: the apparel sector, beverage sector, chemicals sector, electric power sector, food sector, homebuilding sector, mining sector, oil and gas sector, and semiconductor sector.[xi] These industry sectors face water risks to onsite operations, their supply chains and the company's product.

Within each industry sector, there are different types of companies, from large multinational corporations, national companies, to small and medium-sized enterprises.

- Multinational Corporations (MNCs) have at least one facility or assets in another country besides their own home country.[xii]

- Small and Medium-Sized Enterprises (SMEs) are in one country but have less than 500 employees and operate with assets of less than 50 million USD. [xiii]

MNCs are more aware of their environmental impacts because stakeholders often push MNCs to improve their environmental impacts. They also have more resources to invest in sustainability improvements and training tools. SMEs, on the other hand, are often less aware of their environmental and social impacts and have fewer resources to invest in sustainability improvements. Therefore, engagement strategies will differ with each group.

Table 2. Type of Private Sector Partners and Their Water Risks

Type of Company	Type of Water Risks
Apparel (e.g., H&M, Hansae, Lucretia)	• **Physical risk:** Requires large quantities of water and susceptible to major events such as droughts and floods which impact raw materials and manufacturing • **Regulatory risk:** Regulations on water allocation and chemical management impact manufacturing for MNCS and SMEs • **Reputational risk:** Negative public perception around chemical management
Beverage (e.g., Coca-Cola, ABInbev)	• **Physical risk:** Requires both large quantities of water and high-quality water • **Regulatory risk:** Water rates, taxes and stringent environmental regulations impact manufacturing • **Reputational risk (MNC):** Negative public perception for not being a responsible water user. SMEs may be more insulated at the international level but face pressure at the community or local level.
Chemicals (e.g., Dow, Dupont)	• **Physical risk:** Requires large quantities of water. Susceptible to several water events such as droughts, floods and general water scarcity • **Regulatory risk:** Environmental regulation around water use, discharge and remediation which can impact manufacturing • **Reputational risk:** Negative public perception on safety from natural disasters
Electric Power (e.g., Exelon)	• **Physical risk:** Droughts and floods can disrupt power generation. • **Regulatory risk:** Uncertainty in regulation around cooling and complying with environmental regulations can impact costs.
Food (e.g., Unilever, Nestle, General Mills)	• **Physical risk:** Droughts lead to higher costs of water and other agricultural commodities. Good quality of water is required for manufacturing. • **Regulatory risk:** Regulations for contaminated water from agriculture can impact costs. • **Reputational risk (MNCS):** Negative public perception of not being a responsible water user. SMEs face negative community or local level perception of companies' water use.

Homebuilding (e.g., KB Home, Hovnanian)	• **Physical risk:** Droughts and floods impact operations, assets and growth. • **Regulatory risk:** More stringent regulations on storm water and wastewater discharge impact costs. • **Reputational risk:** Negative public perception of environmental impact from operations at international and local levels
Hotel (e.g., Hilton)	• **Physical risk:** Water stress impacts operations. • **Regulatory risk:** More stringent regulations around water allocation and wastewater discharge impact costs. • **Reputational risk:** Negative public perception of not being a responsible water user
Mining (e.g., Rio Tinto)	• **Physical risk:** Requires large quantities of water. Droughts, floods, variations in rainfall and water shortages impact operations. • **Regulatory risk:** Regulated water quality and disposal and/or treatment of hazardous substances impact costs. • **Reputational risk:** Negative public perception of environmental impact from operations at international and local levels
Oil and Gas (e.g., BP, Chevron, Royal Dutch Shell)	• **Physical risk:** Floods, droughts and water stress impact operations. • **Regulatory risk:** Environmental regulation and groundwater contamination impact costs to operations. • **Reputational risk:** Negative public perception of environmental impact of operations at international and local levels
Semiconductor (e.g., Intel)	• **Physical risk:** Requires large quantities of good quality water. Droughts, floods and water stress impact operations. • **Reputational risks:** Negative public perception of environmental impact of operations at international and local levels
Water and Sanitation Service Providers (e.g., Veolia, Suez	• **Physical risk:** Droughts, floods and water stress impact operating costs. • **Regulatory risk:** Water pricing, taxes and water treatment standards impact operating costs. • **Reputational risk:** Possible negative perception over views of privatization of public good
Technology Providers (e.g., Grundfos, Netafim, Dyecoo, Oxymen)	• **Physical risk:** Droughts, floods and water stress impact operating costs. • **Regulatory risk:** Wastewater discharge regulations impact operating cost.
Financial Services (e.g., Banco de Brasil, Bank of America, Norwegian Pension Fund, USAID, GIZ, Kiva)	• Are affected if the companies they invest in face water risks

Table 3. How to Engage with Private Sector Partners

Type of Company	How to Engage	On What? (information sharing, dialogue, collaboaration and advocacy)
Apparel (e.g., H&M, Hansae, Lucretia)	• Through existing industry sector collaborations, such as Sustainable Apparel Coalition; business sustainability organizations such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility. • In specific geographies identify locally-based organizations working with companies such as China Water Risk, etc. **For SMEs**	• Engage based on level of understanding of water issue • MNCs are often engaged in basin scale collaboration projects or with groups of suppliers to improve water performance. • SMEs are often engaged through MNCs they supply, and are just starting their water risk assessment. • For local industry association, start with basic engagement via information sharing most useful (capacity building on water knowledge)

	• Engage through brands to identify key entities in their value chain. Engage with local industry associations in key geographies. Example: Bangladesh Garment Manufacturers and Exporters Association	
Beverage (e.g., Coca-Cola, ABInbev)	• Through existing industry sector collaborations, such as Beverage Industry Environmental Roundtable; Business sustainability organization, such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility. **For SMEs** • Engage through the parent company to engage local manufacturers/bottlers. Engage with local industry associations in key geographies. Example: Pakistan Beverage Manufacturers Association	• Engage based on level of understanding of water issue • MNCs are often engaged in basin scale collaboration projects or with groups of suppliers to improve water performance. • SMEs are often engaged through MNCs they supply, and are just starting their water risk assessment. • For local industry association, start with basic engagement via information sharing most useful (capacity building on water knowledge)
Chemicals (e.g., Dow, Dupont)	• Through existing industry sector collaborations, such as International Council of Chemical Association; business sustainability organization, such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility. **For SMEs** • Engage through the parent company to engage local manufacturers. Engage with local industry associations in key geographies.	• Engage based on level of understanding of water issue • MNCs are often engaged in basin scale collaboration projects. • For local industry association, start with basic engagement via information sharing most useful (capacity building on water knowledge)
Electric Power (e.g., Exelon)	• Through industry associations, CEO Water Mandate and NGOs including WWF, World Resources Institute, The Nature Conservancy, Ceres, Business for Social Responsibility and China Water Risk, etc.	• Engage based on level of understanding of water issue • Large electric companies have been more engaged on water issues but are generally part of discussions on dialogue not yet on collaboration. • More local electric companies can be included in information sharing/dialogue discussions.
Food (e.g., Unilever, Nestle, General Mills)	• Through existing industry sector collaborations, such as Sustainable Agriculture Initiative; business sustainability organizations, such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility. **For SMEs** • Engage through the parent company to engage local manufacturers. Engage with local industry associations and farmer groups (potentially through commodity roundtables or sustainability standards).	• Engage based on level of understanding of water issue • MNCs are often engaged in basin scale collaboration projects or with groups of suppliers to improve water performance. • SMEs are often engaged through MNCs they supply, and are just starting their water risk assessment. (In some places, includes farmer groups.) • For local industry association, start with basic engagement via information sharing most useful (capacity building on water knowledge)
Homebuilding (e.g., KB Home, Hovnanian)	• Through existing industry sector collaborations; business sustainability organizations, such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility.	• Engage based on level of understanding of water • Have not traditionally engaged on water stewardship. Some builders are integrating water conservation into building plans. • Potential to engage in dialogue and collaboration
Hotel (e.g., Hilton)	• Through existing industry sector collaborations, such as International Tourism Partnership; business sustainability organizations, such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility.	• Engage based on level of understanding of water issue • MNCs are beginning to become engaged in water conversation. Industry level collaboration on water accounting is beginning. • Potential to begin dialogue and collaboration in water-stressed geographies

	• In specific geographies, identify locally-based organizations working with companies such as China Water Risk, etc. **For SMEs** • Engage with local hotel industry associations.	• For local industry association, start with basic engagement via information sharing most useful (capacity building on water knowledge)
Mining (e.g., Rio Tinto)	• Through existing industry sector collaborations, such as International Council on Mining and Metals; business sustainability organizations, such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility. **For SMEs** • Engage with local industry associations in key geographies.	• Engage based on level of understanding of water issue • Large mines and companies have sophisticated water management plans. • Interested in engaging in collaboration at the watershed/basin level • For local industry association, start with basic engagement via information sharing most useful (capacity building on water knowledge)
Oil and Gas (e.g., BP, Chevron, Royal Dutch Shell)	• Through existing industry sector collaborations, such as IPIECA; business sustainability organizations, such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility. **For SMEs** • Engage through the brands to identify key entities in their value chains. Engage with local industry associations in key geographies.	• Engage based on level of understanding of water issue • Larger companies have sophisticated water management plans. • Interested in engaging in collaboration at the watershed/basin level • For local industry association, start with basic engagement via information sharing most useful (capacity building on water knowledge)
Semiconductor (e.g., Intel)	• Through existing industry sector collaborations; business sustainability organizations, such as CEO Water Mandate; and NGOs working with multinational companies at the global level, such as WWF, World Resources Institute, The Nature Conservancy, Ceres and Business for Social Responsibility. • In specific geographies, identify locally-based organizations working with companies such as China Water Risk, etc. **For SMEs** Engage through the brands to identify key entities in their value chains. Engage with local industry associations in key geographies, such as India Electronics and Semiconductors Association.	• Engage based on level of understanding of water issue • MNCs are beginning to become engaged in water conversation. Industry level collaboration on water accounting is beginning. • Potential to begin dialogue and collaboration in water-stressed geographies • For local industry association, start with basic engagement via information sharing most useful (capacity building on water knowledge)
Water and Sanitation Service Providers (e.g., Veolia, Suez	• Through International Water Association, CEO Water Mandate, or local governments or municipalities that have ongoing contracts with companies	• Often engaged in water treatment and waste management processes and provision of water services that align with principles of the rights to water and sanitation • Large companies interested and engaged in collaboration and advocacy activities at global level. Potential to do the same in key geographies.
Technology Providers (e.g., Grundfos, Netafim, Dyecoo, Oxymen)	• Through International Water Associaton and CEO Water Mandate. Major trade fairs and trade expos or entities such as Imagine H2O that promote entrepreneurship.	• Often engaged in water management for their operations and sharing information on how their technology can help other major users and utilities
Financial Services (e.g., Banco de Brasil, Bank of America, Norwegian Pension Fund, USAID, GIZ, Kiva)	• Through NGOs including WWF, World Resources Institute, The Nature Conservancy, China Water Risk, etc.	• Often involved in supporting water stewardship projects on the ground and promoting local or regional development plans that integrate water sustainability • SMEs or social enterprises, such as Kiva, invest in community-level water projects.

SECTION 4: IMPLEMENTING PRIVATE SECTOR ENGAGEMENT

There are four stages of engagement for the private sector: information sharing (sharing data), dialogue (discussing issues and solutions), collaboration (working on a project together) and advocacy (working together to change policy or corporate strategy).

MNCs are usually well on their way to engaging in river basin scale collaboration due to their long-term understanding of the issue. However, this is not applicable across all industry sectors. Although there are some notable exceptions, water stewardship is still relatively new to electric power companies, homebuilding companies and hotels, who are in the early stages of water stewardship and are probably most likely to engage in dialogue and learning initiatives to address their water risks. (For more examples, see Table 3.)

SMEs are generally less advanced in their stewardship practices because they are smaller and have fewer resources. Even so, as awareness increases, there are opportunities to engage SMEs, particularly those in highly water-stressed areas and those that have strong relationships with MNCs. Engagement with SMEs would likely be more productive if focused on information sharing and dialogue, which includes basic water risk assessments and developing water action plans that benefit the company. Water service providers and technology service providers are often engaged in water treatment/waste management processes and the provision of water services, and can be engaged as a sector that both has water risks and can provide solutions. Financial services are often involved in supporting water stewardship projects on the ground and promoting local or regional development plans that integrate water sustainably. Social enterprises such as Kiva invest in community level water projects.

The right partners can be engaged through industry sector collaborations, NGOs working at a global level, and NGOs working in specific geographies. For SMEs, engaging in their larger supply chain, which may involve major buyers or brands, can yield substantial improvement and address some of the resources constraints they face. Alternatively, identifying local industry associations in key geographies that have sustainability strategies can serve as be additional resources that allow SMEs to participate more fully. Table 4 provides example case studies on how the private sector has engaged and implemented projects to address water security.

Table 4. How to Engage with Private Sector Partners

Type of Company	Case Studies on Water Stewardship and Water Security
Water using companies: -MNCs -SMEs *Those that rely upon water as a key input for the production of goods of services*	*Food and Beverage* Coca-Cola's initiative for aquifer recharge in India replenished groundwater by creating rainwater-harvesting systems, constructing check dams, constructing restoration dams and improving water use efficiency in agriculture. This initiative was in partnership with industry associations, NGOs and local communities. Approximately 84 million liters of water was harvested and replenished every year.

	Unilever's initiative for more sustainable tomatoes through good agricultural practice guidelines increased their water productivity of tomatoes by implementing drip irrigation and irrigation scheduling techniques. *Hotel Industry* Heritance Kandalama Hotel in Sri Lanka is unique because it is situated near a reservoir, which supplies water to many villages. The village community originally opposed the hotel due to water use and pollution concerns. To alleviate these concerns, the hotel developed a water strategy to be very water efficient and discharge high quality wastewater. They also invested funds to provide 750 families electricity and 600 families access to safe drinking water. *Mining Industry* Anglo American Platinum, one of the world's largest mining companies, and other companies, developed a platform lead by Water Users Association in South Africa to bring NGOs, governments, and companies together to develop a water security agenda that promotes economic growth and protects the community and environment in the Olifants River Region of Limpopo, South Africa. Through this platform, an agreement was made stipulating that 50 percent of the water go to industry and the other 50 percent go to surrounding communities. The platform also funds water stewardship projects to improve water resources management. *SMEs and Apparel Industry* Southeast Asia Apparel Water action brought stakeholders together, including apparel company's suppliers, to improve the water conditions of the region through training workshops for suppliers and on-the-ground implementation of good practices. It was found that sustainable water management is a new concept for suppliers in Southeast Asia. For these suppliers, the first step was building awareness that water management is a critical corporate issue before pursuing technical solutions such as increasing water efficiency and treating wastewater. The suppliers would benefit from engaging with NGOs and development banks, as well as encouragement from the international brands that these suppliers service.
Water and Sanitation Service Providers *Those that provide critical services to communities often in agreement with public entities*	Suez, a water service provider for municipalities and industrial companies changed their business model form "selling volume" to "selling value" and expanded their business to protecting watersheds in addition to water distribution and treatment. Suez works with different stakeholders to improve surface water quality and quantity and recharge groundwater.
Technology Providers *Creators of services or products for water users (whether businesses or communities) or service providers*	Grundfos is one of the world's largest water pump providers that actively reduces water use across its own operations. They plan to share their learnings with their suppliers. Being in the water space, they also believe they have the responsibility to provide water knowledge and insights around water efficiency to local and international governmental institutions as well as private organizations. They take pride in building a sustainable future for coming generations because it's the "right thing to do" and important for their long-term business.
Financial Services *Those companies interested in investing in water infrastructure or service needs, or who have an interest in water as a key factor in investment decisions*	Banco de Brazil considers everyone responsible for preserving the country's water resources to maintain its socio-environmental principles rooted in its 200-year history, the Bank has teamed up with the National Water Agency, WWF Brasil and Banco do Brasil Foundation to invest in sustainable practices for agriculture, practices to improve water quality through natural vegetation etc. They are estimating 18 million USD in investments in the next five years. GIZ is a development bank that develops solutions to assist the German Government to achieve objectives in international cooperation. GIZ has an International Water Stewardship Program to address water risks in select countries with a variety of stakeholders. In South Africa, they have established the Strategic Partner's Network to coordinate between the private sector and the government to mitigate water risk and prevent future water shortages. Key stakeholders for this project include the Water Ministry, Coca-Cola, AngloAmerican, Nestle, SABMiller, WWF and the Water Resources Group.

CONCLUSION

There are three main principles to keep in mind when engaging with the private sector:

1) Engaging the private sector on water security is most effective when presented both as a way to address water-related business risks and as a business opportunity.

2) Industry sectors that have the largest water footprint (apparel, beverage, mining, etc.) have developed water stewardship plans, and can be useful partners and champions when engaging SMEs, who are often suppliers in their industry sector for efforts around water security.

3) SMEs are often part of bigger value chains, though not always. A two-pronged – top-down and bottom-up – approach, working with MNCs but also with local industry associations, may be the best way to engage SMEs. For both SMEs and MNCs, it is often important to dialogue with neutral brokers (e.g., consulting firms or NGOs) along with local government officials or water managers on basics of water stress, risk and business opportunities.

APPENDICES

APPENDIX 1: KEY WATER STEWARDSHIP ACTIVITIES

Key Elements of the Water Stewardship Progression	Descripton of Activities
Addressing operational issues	The first step is for companies to understand how and to what extent direct operations use and affect water resources and then take steps to be more efficient and less polluting. Technical and management changes include improving water efficiency; wastewater treatment; and employee access to water, sanitation and hygiene (WASH).
Understanding river basin, context and impacts	To fully understand and address the business risks, companies must look outside of the factory fence line and have a firm understanding of the river basin context in which it operates, including water risks such as water stress, flooding, poor ambient water quality, regulatory uncertainty, inadequate access to WASH services, and other social and environmental factors. The company should also be aware of how its business impacts the surrounding river basin including ecosystems, communities, and any potential impacts on the human rights to water and sanitation.
Developing a water strategy and raising awareness internally	To integrate water risks and impacts into core corporate processes and decision-making, the company develops goals, strategies and policies. This raises awareness throughout the company, from the CEO and leadership team to facility managers to suppliers, and provides an action plan at the corporate and facility levels to address risks and impacts on the larger river basin.
Leveraging improvements in value chain	More mature companies look beyond their direct operations to address water risks and external impacts throughout their value chain from raw materials to consumers.
Advancing water sustainability via collective action	The company implements corporate actions that address river basin risks or external impacts through collective action, which requires proactive collaboration with others to improve local conditions and reduce water risks in the river basin.
Advancing water sustainability via public policy engagement	The company practices responsible engagement that improves public sector capacity and advances better water governance.
Communicating with external stakeholders	Ongoing: More advanced water management practices may look to engage externally to ensure long-term business continuity by contributing to the sustainable management of shared water resources on which the company relies. These range from information sharing, to community engagement and river basin restoration projects, to work with local and regional governments to strengthen local water management capacity.

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[v] CEO Water Mandate 2016. http://ceowatermandate.org/why-stewardship/water-stewardship-in-60-seconds/).

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