



The CEO Water Mandate

Guidance for Companies on Respecting the Human Rights to Water and Sanitation:

Bringing a Human Rights Lens to Corporate Water Stewardship

January 2015

BETA VERSION



Shift

Putting Principles into Practice

Guidance for Companies on Respecting the Human Rights to Water and Sanitation:
Bringing a Human Rights Lens to Corporate Water Stewardship

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This is a draft version of the Guidance, which the project team aims to review and revise after an appropriate period.

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Disclaimer

All views expressed in this publication are those of the project team and do not necessarily reflect those of the project sponsors or the members of the Technical Expert Group or the Mandate's Human Rights Working Group.

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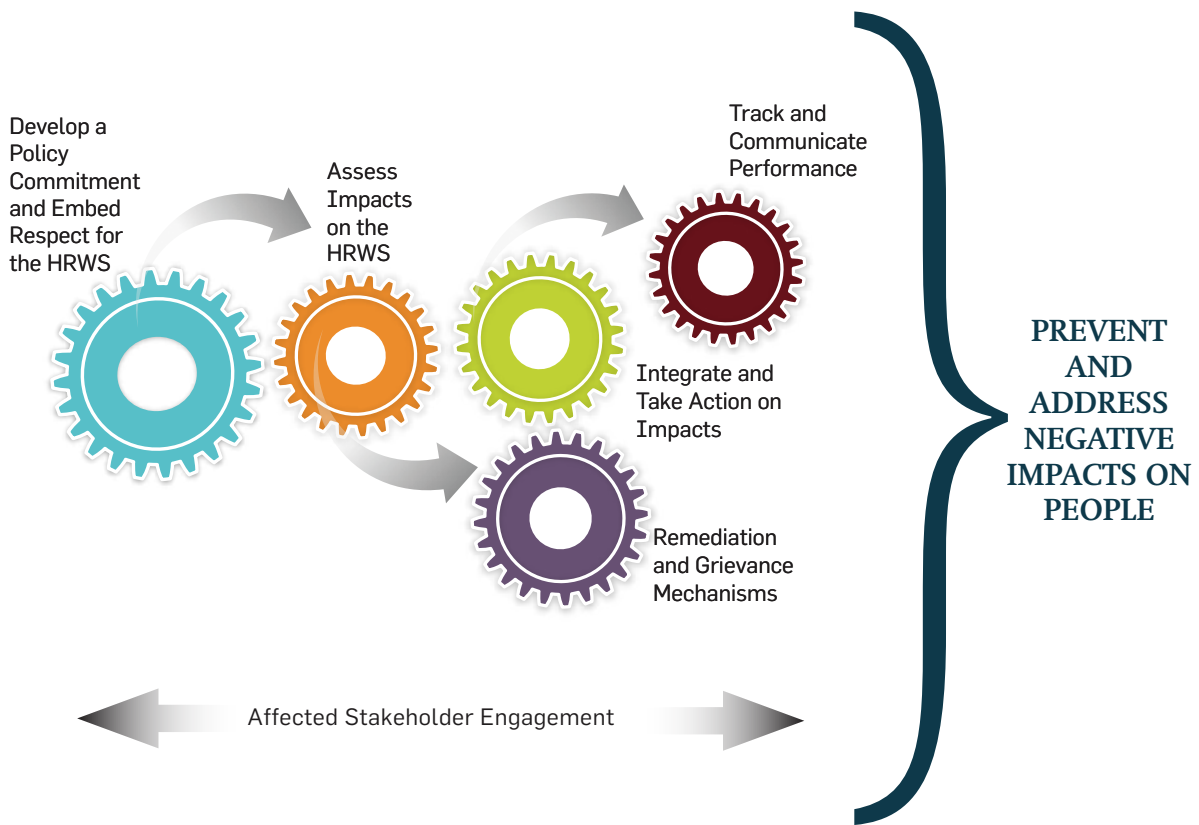
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Quick Guide to Respecting the Human Rights to Water and Sanitation (“HRWS”) in Practice

This Quick Guide summarizes the content of Part 3 of the Guidance for easy reference.

The following graphic is intended to show the interconnected nature of the five elements in Part 3 of the Guidance. Each element is made up of a number of key steps which are summarized in this Quick Guide.

ELEMENTS FOR RESPECTING THE HRWS IN PRACTICE



I. Develop a Policy Commitment and Embed Respect for the HRWS

A. Develop a Policy Commitment

1. Define the Content of the Commitment

A company's policy commitment should, at a minimum, reflect its responsibility to respect the HRWS throughout its operations, including both its own activities and its business relationships. The commitment should set out for staff, business partners, and others in its value chain the company's expectations about preventing and addressing impacts on the HRWS.

2. Engage Internal Colleagues

A company should involve relevant staff from across the business in developing or reviewing a policy commitment on the HRWS. Doing so can help build understanding and ownership of the commitment, and increase the likelihood of effective implementation.

3. Engage Stakeholders

Testing a policy commitment with key stakeholder groups can help a company understand how the policy is likely to be seen by those groups. Wherever possible, this should include potentially affected stakeholders or their legitimate representatives.

4. Communicate the Commitment

Once a company has adopted a policy commitment, it should communicate it both internally and externally.

B. Embed Respect for the HRWS

1. Establish Appropriate Accountability

Appropriate internal accountability structures should be established to ensure that the commitment is acted upon, particularly when important business decisions are being made.

2. Build Cross-Functional Coordination

Larger companies should pay particular attention to coordination among relevant functions in order to successfully embed a policy commitment on the HRWS. Unless those with responsibility for the specific activities or business relationships that may give rise to human rights impacts are involved in implementing the commitment, effective action to prevent and address specific impacts may be limited.

3. Set Expectations for Staff

To successfully embed respect for the HRWS in the daily activities of staff, the expectations in a policy commitment should be reflected in performance incentives, tailored guidance, and training.

4. Apply the Commitment to Business Relationships

A company should set clear expectations about respecting the HRWS from the start of its business relationships, in order to lay the foundation for effective action to prevent and address impacts throughout the relationship.

II. Assess Impacts on the HRWS

A. Assess How the Company May Be Involved in Impacts on the HRWS

1. Understand Who May Be Impacted by the Company's Activities

A company should consider its various business activities and how they may negatively impact different stakeholders. The process should pay attention to individuals or groups who may be particularly vulnerable or marginalized.

2. Review How the Company May Be Involved with an Impact

Under the UN Guiding Principles, a company should consider three different modes of involvement — cause, contribution and linkage — when assessing whether it is or may be involved with negative impacts on the HRWS.

3. Consider Impacts Arising through Business Relationships

A company should consider impacts arising through business relationships during the impact assessment process. Where it is necessary to focus on certain types of business relationships because of limited resources, a company should be guided by the severity of negative impacts involved, rather than focusing only on those relationships that are most important to the company.

4. Engage with Stakeholders in Assessing Impacts

To understand its impacts, a company should engage with affected stakeholders or their legitimate representatives as part of the assessment process. Where direct engagement is not feasible, companies should engage with credible proxies.

B. Prioritize Impacts for Attention Where Necessary

1. Evaluate the Severity of Impacts on Affected Stakeholders

A company should assess the severity of an impact on the HRWS by considering its scale, scope, and the extent to which the harm involved can be remedied.

2. Evaluate the Likelihood of Impacts Occurring

In addition to understanding the severity of an impact on the HRWS, a company should understand the likelihood of it occurring or recurring.

3. Prioritize Impacts for Attention

Where it is not possible to address all HRWS impacts at once, a company should prioritize impacts for attention based on their severity and likelihood, with severity being the dominant factor.

C. Build a Systematic Approach to Assessment

1. Review and Build on Existing Systems

A company should review whether its existing assessment processes provide it with the information it needs about impacts on the HRWS, and address any gaps that may exist.

2. Pay Particular Attention to Cumulative Impacts on the HRWS

Cumulative impacts arise from parallel contributions by one or more actors that lead to a negative impact on the HRWS. Such impacts may be particularly severe and challenging to address. A company should ensure that its impact assessment processes adequately capture such cumulative impacts, so that appropriate action can be taken to address them together with other relevant actors, including the state.

III. Integrate and Take Action on Impacts on the HRWS

A. Identify Options to Prevent or Mitigate Potential Impacts

1. Understand the Expectations of Companies to Respond to Impacts

The action a company is expected to take in response to an HRWS impact depends on whether it caused, contributed to, or is directly linked to the impact. So a company needs first to understand how it is or may be involved with an impact in order to identify appropriate responses.

2. Identify Appropriate Prevention and Mitigation Options

Once a company understands how it is or may be involved with an HRWS impact, it should identify appropriate options to prevent or mitigate the impact. Engaging with affected stakeholders can help ensure that whatever action is taken is most likely to be effective.

B. Build and Use Leverage in Business Relationships

1. Evaluate Possible Sources of Leverage in Business Relationships

A company should consider the various forms of leverage it has to prevent and address impacts on the HRWS arising through its business relationships, and how it can appropriately build leverage where its influence is inadequate.

2. Focus on Addressing Supply Chain Impacts

A company's suppliers have their own responsibility to respect human rights, including the HRWS. A company should use its leverage with suppliers to reinforce this expectation.

3. Focus on Relationships with State Authorities

States have their own obligations to realize the HRWS under international human rights law. Under the UN Guiding Principles, where national law falls below international human rights standards, a company should respect the higher standard. Where national law directly conflicts with human rights, a company should seek to honor the principles of human rights as best it can in the circumstances, and be able to demonstrate its efforts to do so.

IV. Track and Communicate Performance

A. Build a Systematic Approach to Tracking

1. Review Existing Tracking Systems

A company should review whether its existing systems for tracking performance provide it with the information it needs about the effectiveness of its efforts to prevent and address impacts on the HRWS, and address any gaps that may exist.

2. Track Efforts through Business Relationships

Companies should track the effectiveness of their efforts to prevent and address impacts arising through business relationships, as well as through their own activities.

3. Develop Appropriate Indicators

A company will need both quantitative and qualitative indicators to adequately track and interpret information about its efforts to respect the HRWS.

4. Engage Affected Stakeholders in Tracking

Tracking processes should take account of affected stakeholder perceptions of the company's performance, not just the company's own assessment of the effectiveness of its efforts.

B. Review and Improve Communication

1. Improve Communication with Affected Stakeholders

A company should be prepared to communicate with affected stakeholders about its efforts to address negative impacts on the HRWS.

2. Improve Formal Reporting on Severe Impacts on the HRWS

Where a company's operations or operating contexts pose severe risks to the HRWS, it should publicly report on how it is preventing and addressing these risks.

V. Remediation and Grievance Mechanisms

A. Establish Appropriate Processes to Provide Remedy

1. Understand the Responsibility to Remediate Negative Impacts

Where a company causes or contributes to an HRWS impact, it should provide for or cooperate in legitimate processes to remedy that harm.

2. Map Existing External Grievance Mechanisms and their Effectiveness

A company should map the existing external grievance mechanisms that exist and assess their effectiveness in order to understand the implications for its own processes for providing remedy for affected stakeholders.

B. Design Effective Operational-Level Grievance Mechanisms

1. Understand what makes a Grievance Mechanism Effective

To be effective in practice, a grievance mechanism needs to be trusted by those for whose use it is intended. This means that a company should design any operational-level grievance mechanisms with key "effectiveness criteria" in mind.

2. Review and Build on Existing Internal Mechanisms

A company should review any existing internal mechanisms that may be able to address human rights-related grievances in order to determine whether they are appropriate for handling complaints about impacts on the HRWS, and address any gaps that may exist.

3. Define the Scope of the Grievance Mechanism

A company should clearly define what complaints the mechanism will receive, from which stakeholders, and who will be involved in addressing them.



PART 1: ABOUT THIS GUIDANCE



PART 1: About this Guidance

I. BACKGROUND

In 2010, the United Nations General Assembly and Human Rights Council formally recognized the human right to water and sanitation. In 2011, the UN Guiding Principles on Business and Human Rights (“Guiding Principles”) were unanimously endorsed by member states in the UN Human Rights Council. The Guiding Principles have clarified the global expectation that businesses everywhere should respect human rights throughout their operations. Together, these two developments have led to increased expectations that responsible companies will work to align their water management practices with their responsibility to respect human rights.

Companies in the UN Global Compact (UNGC) explicitly commit to respect and support human rights as part of their commitment to uphold the UNGC’s Ten Principles. The UN Guiding Principles reinforce the “respect” dimension of the UNGC’s human rights principles, providing companies with an authoritative framework on policies and processes that they should implement in order to meet their responsibility to respect human rights.¹

Following these developments at the global level, companies in the UNGC CEO Water Mandate recognized that business was in need of practical guidance about how to effectively align corporate water stewardship practice with the corporate responsibility to respect the human rights to water and sanitation. This Guidance aims to meet that need, by helping companies bring a human rights lens — as defined in the UN Guiding Principles — to their existing or emerging water stewardship efforts. It also provides some pointers for companies that are committed to supporting human rights.

This Guidance was developed by the CEO Water Mandate and Shift, a leading center of practice on implementation of the UN Guiding Principles, with support from Oxfam America. It involved extensive research and consultation with a wide range of interested stakeholders. The process that led to the Guidance is described in Part 4.

This Guidance generally refers to the human rights to water and sanitation as distinct rights, following the approach of the UN Special Rapporteur on the human rights to water and sanitation, Catarina de Albuquerque (see Part 2 for more). The abbreviation “HRWS” is used for simplicity to refer to the human rights to both water and sanitation.

¹ See Note on relationship between the [UN Guiding Principles on Business and Human Rights](#) and the [UN Global Compact’s Principles](#).

II. OBJECTIVES AND AUDIENCE

This Guidance aims to:

- Help companies (particularly heavy water users) translate their responsibility to respect the HRWS into their existing water management policies, processes, and company cultures
- Complement related efforts to clarify the obligations and responsibilities of other actors (particularly states and public or private water and sanitation service providers) with regard to the HRWS.

The main audiences for this Guidance are staff with responsibility for human rights and those with responsibility for water stewardship within companies. Both large and small companies should find the Guidance useful, but it should be particularly relevant for those with heavy water use in their operations.

In addition, the Guidance should be of use to other stakeholders, including representatives of states, civil society organizations working on water and sanitation or on broader human rights issues, investors, international organizations, and others who have an interest in supporting, incentivizing, or requiring companies to meet their responsibility to respect the HRWS. This is a draft version of the Guidance, which the project team aims to review and revise after an appropriate period.

III. SCOPE OF THIS GUIDANCE

The Guidance is focused on respecting the HRWS. It recognizes throughout that impacts on the HRWS can often involve impacts on other human rights as well, and Part 2 provides a range of examples in this regard.

The Guidance applies the core elements of the corporate responsibility to respect human rights under the UN Guiding Principles to the HRWS. The Guiding Principles operationalize the UN “Protect, Respect and Remedy” Framework. The Framework and the Guiding Principles were both developed by the former Special Representative of the UN Secretary-General for Business and Human Rights, Professor John Ruggie.

The UN Framework rests on three pillars:

- 1. The state duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation, and adjudication**
- 2. The corporate responsibility to respect human rights, which means to avoid infringing on the rights of others and to address negative impacts with which a business may be involved**
- 3. The need for greater access by victims to effective remedy, both judicial and nonjudicial.**

The UN Guiding Principles help businesses implement their responsibilities under the second and third pillars of the Framework by focusing on the kinds of policies and processes that they need to put in place in order to know and show that they respect human rights throughout their operations — meaning both in their own activities as well as through their business relationships.

Where companies (including those in the UNGC CEO Water Mandate) have committed to supporting human rights, there are additional expectations about the actions they will take. This is discussed further in the Box on page 13.

IV. STRUCTURE

This Guidance has four main parts:

1. About this Guidance, which explains the objectives, intended audience, and scope of the Guidance.
2. Translating Impacts, which illustrates through case examples how impacts on the ground may be understood in both human rights and water stewardship terms, so as to generate a shared understanding of such impacts across multiple functions within a company.
3. Step-by-step practical guidance for putting the responsibility to respect the HRWS into practice. Part 3 is divided into five sections, which reflect the key procedural elements of the UN Guiding Principles:
 - I. Policy Commitment and Embedding
 - II. Assessing Impacts
 - III. Integrating and Taking Action
 - IV. Tracking and Communicating
 - V. Remediation and Grievance Mechanisms.
4. Useful Resources that can help companies implement the Guidance, including Diagnostic Questions to accompany Part 3, Key Resources, and a Glossary of Key Terms.

What is the Relationship between Respecting and Supporting Human Rights?

This Guidance is focused on helping companies meet their **responsibility to respect the HRWS** — the baseline expectation of all companies under the UN Guiding Principles, and Principle 1 of the UN Global Compact, regardless of where they operate or what sector they are in. However, companies endorsing the CEO Water Mandate, like other UNGC signatories, also commit to take measures to **support** human rights.

Supporting human rights means additional voluntary actions that go beyond respecting human rights to contribute to the realization of those rights. Such support can be provided through core business (such as innovating products and services), strategic social investment or philanthropy, public policy engagement or advocacy, or partnerships and other forms of collective action. Supporting the HRWS benefits people and the environment, contributes to global and local priorities, and can help companies develop new markets, strengthen their social license to operate, attract and retain talent, and address long-term business risks. The type and scope of the actions taken to support the HRWS are up to the company itself. However, steps taken to respect the HRWS may be helpful in identifying opportunities to support those rights.

For example, a company operates in a water-stressed area where there is inadequate sanitation for large segments of the population. It is also an area where the local community is a key source of staff and/or customers for the company. In line with its responsibility to **respect**, the company has assessed whether it is involved with any negative impacts on the community's ability to enjoy the rights to water and sanitation, and has not identified any such impacts. Importantly, as part of its assessment processes, the company meaningfully engaged with local community members to test whether its own analysis was accurate.

The company decides to contribute to programs that address water and sanitation needs in the community, and can help improve health outcomes, because of the close relationship between its business and the local community. However, in taking the time to listen to potentially affected stakeholders as part of its impact assessment process, and by ensuring that all individuals and groups in the community were heard, the company also learned that women and girls in the community face particular challenges in accessing sanitation facilities and that it is impacting their safety, security, health, and in the case of girls, their access to education. The company believes that it has expertise, staff, resources, and relationships that can make a contribution to improving the situation, and its corporate vision includes contributing to sustainable development in this community. It thus decides to work with local authorities and a local NGO with a strong track record to contribute to the realization of the HRWS for women and girls in the community. Having engaged with affected stakeholders to understand their needs, perspectives, and concerns in meeting its corporate responsibility to respect human rights, the company now has a robust foundation for effective action in **support** of the HRWS.

Although this Guidance is not focused on supporting human rights, it seeks to include **Pointers on Support** throughout Part 3 to help companies navigate the relationship between respecting and supporting the HRWS. Efforts to support the HRWS can complement but — as the Guiding Principles make clear — cannot substitute for respecting human rights.

PART 2: TRANSLATING IMPACTS INTO HUMAN RIGHTS AND WATER STEWARDSHIP TERMS



PART 2: Translating Impacts Into Human Rights and Water Stewardship Terms

I. UNDERSTANDING THE HUMAN RIGHTS TO WATER AND SANITATION

Human rights aim at securing the basic dignity and equality of all people. “The idea of human rights is as simple as it is powerful: that people have a right to be treated with dignity. Human rights are inherent in all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status. Every individual is entitled to enjoy human rights without discrimination. These rights are all interrelated, interdependent and indivisible.”¹

When human rights were first articulated in international instruments, they were primarily addressed to governments. However, in recent decades it has become apparent that companies can also have impacts on human rights that extend far beyond labor rights and nondiscrimination, and expectations have risen that companies will identify and address such impacts. The UNGC’s Ten Principles, introduced in 2000, include two human rights principles, calling on business to respect and support human rights and avoid complicity in human rights abuse. The UN Guiding Principles on Business and Human Rights elaborate on the baseline responsibility that all companies respect human rights. This responsibility applies whether or not a company is a participant in the UNGC.

The formal recognition of the HRWS in 2010 by UN member states was the most recent step in a decades-long process of convergence of international opinion about the content and implications of these rights.

This Guidance follows the work of the UN Special Rapporteur on the human right to safe drinking water and sanitation, Catarina de Albuquerque, in adopting the definitions that she used during her mandate to understand both rights (see Box on next page).

Recognizing that understanding of the meaning of the HRWS will continue to evolve, it can be helpful to think about five main dimensions of the rights in practice.

¹ See Office of the UN High Commissioner for Human Rights *The Corporate Responsibility to Respect: An Interpretive Guide*, p. 9.

TABLE 1: DIMENSIONS OF THE HRWS

Dimension	Definition
Availability	Water and sanitation facilities must be present in order to meet peoples’ basic needs. This means a supply of water that is sufficient and continuous for personal and domestic uses, which ordinarily include drinking and food preparation, personal hygiene, washing of clothes, cleaning, and other aspects of domestic hygiene, as well as facilities and services for the safe disposal of human excreta (i.e., urine and feces).
Accessibility	Water and sanitation facilities must be located or constructed in such a way that they are accessible to all at all times, including to people with particular needs (such as women, children, older persons, or persons with disabilities). Accessibility is particularly important with regard to sanitation, as facilities that are not easily accessible are unlikely to be used and may raise safety risks for some users, especially women and girls.
Quality and safety	Water must be of a quality that is safe for human consumption (i.e., drinking and food preparation) and for personal and domestic hygiene. This means it must be free from microorganisms, chemical substances, and radiological hazards that constitute a threat to a person’s health over a lifetime of consumption. Sanitation facilities must be safe to use and prevent contact between people and human excreta.
Acceptability	Water and sanitation facilities must meet social or cultural norms from a user’s perspective, for example, regarding the odor or color of drinking water, or the privacy of sanitation facilities. In most cultures, gender-specific sanitation facilities will be required in public spaces and institutions.
Affordability	Individual and household expenditure on water and sanitation services, as well as associated hygiene, must be affordable for people without forcing them to resort to other, unsafe alternatives and/or limiting their capacity to acquire other basic goods and services (such as food, housing, or education) guaranteed by other human rights.

KEY TERM: WHAT ARE THE RIGHTS TO WATER AND SANITATION?

The human right to water entitles everyone to sufficient, safe, acceptable, physically accessible, and affordable water for personal and domestic (household) use.

“Sanitation” is defined as a system for the collection, transport, treatment, disposal, or reuse of human excreta and associated hygiene. The human right to sanitation entitles everyone to sanitation services that are safe, socially and culturally acceptable, secure, hygienic, physically accessible and affordable, and that provide privacy and ensure dignity.

Drawn from the [UN Special Rapporteur’s Realizing the Rights to Water and Sanitation: A Handbook, 2014](#)

The World Health Organization provides important guidance for states (which companies can reference) on drinking water quality and other aspects of the rights to water and sanitation.

II. TRANSLATING IMPACTS ON PEOPLE INTO HUMAN RIGHTS AND WATER STEWARDSHIP TERMS

What is different when a company brings a human rights lens to its water management efforts? At its core, this means focusing on water-related *risks to people* rather than water-related risks to the business. This means that company efforts to understand their actual and potential impacts need to take full account of the severity of such impacts on “affected stakeholders,” as defined in the UN Guiding Principles. This could include workers, local community members, or other individuals or groups whose rights may be negatively affected. These impacts may involve the HRWS, but they may also have an effect on other human rights, such as the rights to health, life, and food. They may also have particular implications for individuals or groups who are at heightened risk of marginalization or vulnerability, who are entitled to additional protections under international human rights law.

Many impacts on the HRWS start as less severe social or environmental impacts, so it can be helpful to consider impacts as existing on a continuum. Preventing less severe social or environmental impacts can therefore help prevent negative impacts on the HRWS, as well as prevent negative impacts on other human rights.

The case examples below seek to draw out the differences between the human rights and the water stewardship lenses in understanding impacts on people. In each case example:

- The top box lays out an actual or potential water-related impact on people.
- The left column translates the example into impacts on the human rights to water and sanitation using the five dimensions described above.
- The right column then highlights how these impacts may also lead to impacts on associated broader human rights (such as the right to health or right to food) in some situations.
- The bottom box then uses the language of the emerging corporate water stewardship paradigm to describe the impact in terms that should be recognizable to company staff who have water management responsibilities.

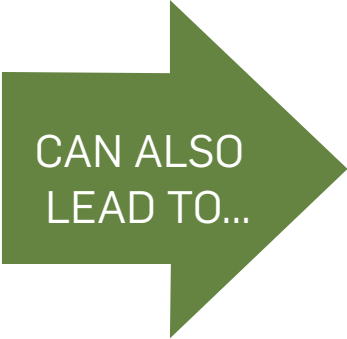
The case examples are not intended to be an exhaustive list of HRWS impacts that may arise in practice. Rather each is an illustrative tool to help readers understand how the different fields of human rights and water management relate to one another.

Water-Related Impacts Experienced by Affected Stakeholders

Case Example 1:
Lack of access to water and/or sanitation services in the workplace—
 Some workplaces lack adequate sanitation facilities or access to potable water. This can lead to more severe impacts on migrant or other workers who live on-site in company dormitories. A lack of sanitation facilities may particularly impact women.

Impacts on Dimensions of the HRWS

- Availability
- Accessibility
- Quality and Safety
- Acceptability
- Affordability



Impacts on Associated Human Rights

May include:

Impacts on **right to health** if inadequate nutrition and/or hygiene results from insufficient water or sanitation facilities. These impacts may be particularly severe for some individuals, such as those living with health conditions (e.g., HIV).

Impacts on the **right to life** in extreme cases, where the lack of access to water prevents implementation of proper safety procedures (e.g., in responding to accidents).

Particular impacts on **women's rights to privacy and physical safety**, if there is inadequate provision for menstrual hygiene or the location and design of latrines fails to take account of their needs.

Impact as understood in Corporate Water Stewardship Terms
 Inadequate or nonexistent water or sanitation services and facilities for employees. This may include inadequate access for workers in factories, as well as for farmers in agricultural employment contexts.

Case Example 2:

Scarcity of water —

Community members may be concerned that a company's water use will put additional stress on local water resources. For example, a large agricultural company or a mining operation can draw large quantities of water from an aquifer, affecting the local communities' shallow wells.

Impacts on Dimensions of the HRWS

- Availability
- Accessibility
- Quality and Safety
- Acceptability
- Affordability



CAN ALSO
LEAD TO...

Impacts on Associated Human Rights

May include:

Impacts on the **right to health** of the members of the local community when there is insufficient water for their basic nutrition and hygiene.

Impacts on the **rights to food and to an adequate living** if there is insufficient water for smallholder farmers to raise crops or support livestock.

Impacts on the **right to work** where a persistent lack of water deprives smallholder farmers, or other small businesses that are highly dependent on water, of their livelihoods.

Impacts on the **right to life** in extreme cases, such as situations of drought or violent conflicts over water.

Impact as understood in Corporate Water Stewardship Terms

Impacts on volumetric availability based on an evaluation of how/when the company's water withdrawals/consumption and discharges may impact the local and basin-level water supply. Excessive water consumption may exacerbate local water shortages and impact the economic livelihoods of local stakeholders. It may also lead to insufficient environmental flows, contributing to the depletion of fisheries, for example.

Case Example 3:

Pollution of water—

Certain kinds of industrial processing or agricultural practices can have significant water quality implications. Impacts on communities may arise from such pollution of water sources by industrial effluent or agricultural runoff.

Impacts on Dimensions of the HRWS

- Availability
- Accessibility
- Quality and Safety
- Acceptability
- Affordability



Impacts on Associated Human Rights

May include:

Impacts on the **right to health** (including long-term effects) from contaminants in the water supply system, with particularly severe impacts on pregnant women.

Potential impacts on the **right to life** in extreme cases, where hazardous chemicals are involved, particularly for children and older people.

Impacts on the **rights to food and to an adequate livelihood** if crops, fish, or livestock are seriously affected by water pollution.

Potential impacts on the **right to work** if there is a clear decline in the yield or quality of crops, fish, or livestock that affects the viability of jobs in the agricultural sector, or in other sectors that are heavily dependent on water.

Impact as understood in Corporate Water Stewardship Terms

Company effluent discharges may severely degrade water quality of local water resources and cause major impacts on human health and economic development.

Case Example 4:

Physical Barriers to Access Water—

Community members' access to water is affected by business activities that divert a water-course or block an access route to a water source (e.g., exclusion zones associated with a hydroelectric dam or intake pumping station inhibits traditional access routes, or land is sold by the government to a private owner who blocks access to traditional sources of water). Community members subsequently need to travel a significant distance to access clean water (a task that is often borne by women and girls).

Impacts on Dimensions of the HRWS

- Availability
- Accessibility
- Quality and Safety
- Acceptability
- Affordability

CAN ALSO
LEAD TO...

Impacts on Associated Human Rights

May include:

Impacts on the **right to health** if inadequate nutrition and hygiene results from inaccessible water and sanitation resources or facilities.

Impacts on the **right to food, the right to work and related rights** where restrictions on access to water effectively deprive people of their livelihoods.

Impacts on the **right to freedom of movement** if access to water is restricted.

Potential impacts on **women's and children's (girls') rights**, particularly with regard to their **safety**.

Impact as understood in Corporate Water Stewardship Terms

Company operations reduce or impair community access to water resources.

Case Example 5:

Inequitable access to water—

A government authority upgrades the water supply system specifically to encourage a company to expand its operations in an area. It increases the rates charged for connections and/or use for all users without regard to the impact it may have on peoples' ability to pay. The new charges are too high to be affordable for poorer community members, some of whom are also members of potentially vulnerable or marginalized groups (e.g., women). The state does not provide subsidies or other programs to ensure access to water for those who now can't afford it.

Impacts on Dimensions of the HRWS

- Availability
- Accessibility
- Quality and Safety
- Acceptability
- Affordability



Impacts on Associated Human Rights

May include:

Impacts on the **rights to health, food, and housing** for those with limited or no access to the water supply system.

Potential impacts on **women's rights** if they were involved in informal small-scale production and can now no longer do so.

Impact as understood in Corporate Water Stewardship Terms

Socioeconomic impacts due to poor or inequitable local water governance conditions can impede accessibility of water and sanitation services for local communities in favor of a company securing continuity of water supply and legal license to operate.

III. THE RELATIONSHIP BETWEEN THE UN GUIDING PRINCIPLES AND CORPORATE WATER STEWARDSHIP PRACTICE

In bringing the lens of the UN Guiding Principles to emerging understandings of corporate water stewardship practice, companies may find it helpful to consider the following comparison of key elements between the two areas.

TABLE 2: RELATIONSHIP BETWEEN UN GUIDING PRINCIPLES AND WATER MANAGEMENT FRAMEWORKS

UN Guiding Principles Elements		Corporate Water Management Elements ²
Policy Commitment and Embedding Respect	<i>is similar to</i>	Commit; Define
Assessing Impacts	<i>is similar to</i>	Account; Assess
Integrating and Taking Action	<i>is similar to</i>	Implement
Tracking Performance	<i>is similar to</i>	Monitor
Communicating Performance	<i>is similar to</i>	Communicate
Remediation of Actual Impacts	<i>No clear match</i>	Elements of Implement are relevant

² Steps of this generic corporate water management framework were drawn from Corporate Water Disclosure Guidelines: Toward a Common Approach to Reporting Water Issues, which in turn were adapted from the UN Global Compact Management Model.



PART 3: PUTTING CORPORATE RESPECT FOR THE RIGHTS TO WATER AND SANITATION INTO PRACTICE



PART 3: PUTTING CORPORATE RESPECT FOR THE RIGHTS TO WATER AND SANITATION INTO PRACTICE

This Part of the Guidance sets out key steps for companies seeking to respect the HRWS throughout their operations. It is divided into five sections, which reflect the key procedural elements of the UN Guiding Principles, namely:

- I. Policy Commitment and Embedding
- II. Assessing Impacts
- III. Integrating and Taking Action
- IV. Tracking and Communicating
- V. Remediation and Grievance Mechanisms.

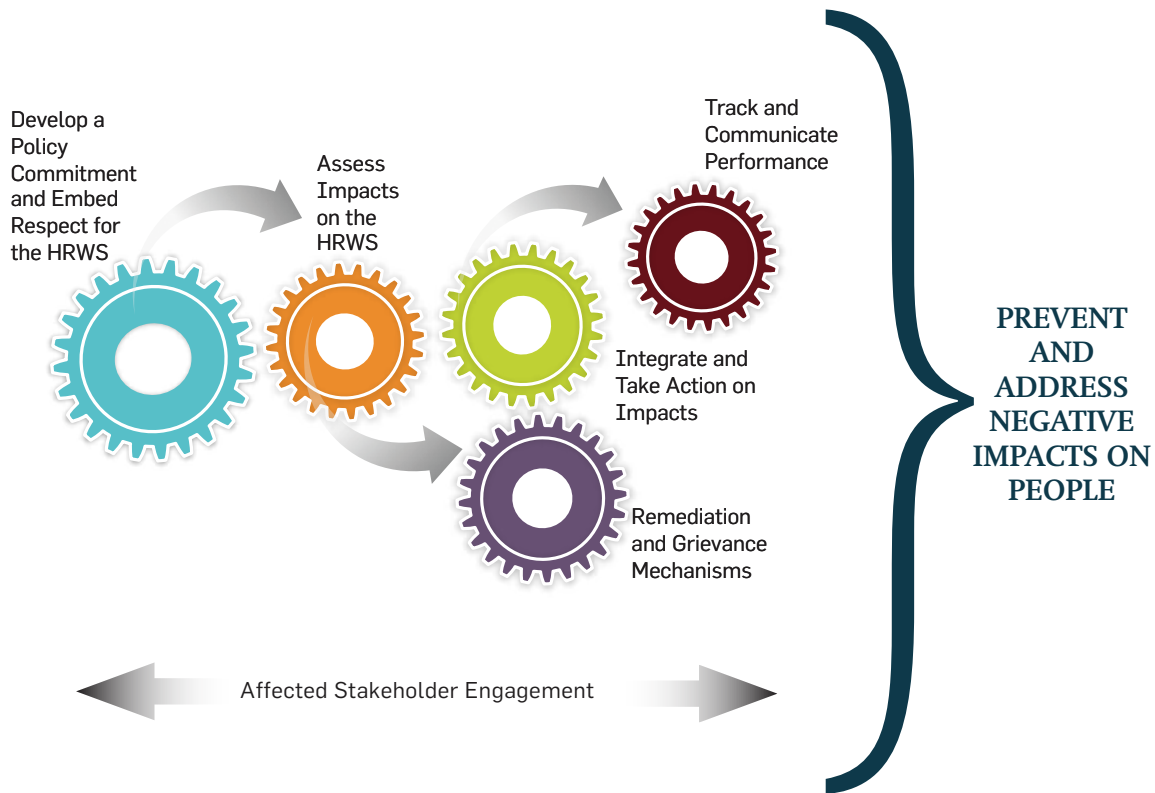
Each section summarizes the core concepts involved, sets out key steps for implementation, and explains them through examples that help illustrate what respecting the HRWS can look like in practice. Key terms are highlighted for the reader, as are particularly useful resources.

In addition, a full list of resources can be found in Part 4, including a set of diagnostic questions that can be used to help assess a company's progress in implementing the procedural elements in Part 3.

The following graphic is intended to:

- (a) show the interconnected nature of the procedural elements outlined in Part 3;
- (b) help readers of the Guidance orient themselves as they work through Part 3.

**FIGURE 1:
ELEMENTS FOR RESPECTING THE HRWS IN PRACTICE**



NOTE ON STAKEHOLDER ENGAGEMENT

Bringing a human rights lens to managing water-related impacts is fundamentally about understanding impacts from the perspective of the people who may be affected. The term “stakeholders” is often used to mean people who may either influence or be affected by the company. In a human rights context, the focus is always on the latter.

Affected individuals or groups may also be potentially vulnerable or marginalized, and will need particular attention and support to ensure engagement is meaningful in practice.

Stakeholder engagement is an ongoing process of interaction and dialogue between a company and one or more of its stakeholders that enables the company to hear, understand, and respond to their interests and concerns. Stakeholder engagement underlies each of the procedural elements associated with putting respect for the HRWS into practice. It is particularly important when:

- Testing a policy commitment to understand how it will be perceived by key stakeholder groups (Section I)
- Verifying the actual and potential impacts on the HRWS that a company has identified and prioritized (Section II)
- Identifying or verifying effective approaches to address the impacts identified (Section III)
- Understanding how effectively a company is addressing impacts on the HRWS and providing a vehicle for effective communication with stakeholders about its efforts (Section IV)
- Providing remedy to those who have been harmed (Section IV).

KEY TERM: POTENTIALLY VULNERABLE OR MARGINALIZED INDIVIDUALS AND GROUPS

Vulnerability can stem from an individual's status or characteristics (e.g., race, color, sex, language, religion, national or social origin, property, disability, age, or other status) or from their circumstances (e.g., poverty or economic disadvantage, dependence on unique natural resources, illiteracy, ill health). Those vulnerabilities may be reinforced through norms, societal practices, or legal barriers. **Vulnerable or marginalized individuals** typically experience negative impacts more severely than others. For example, women and girls may be particularly severely impacted where accessible and acceptable sanitation facilities are lacking.

The UN Guiding Principles refer to the need for companies whose operations may impact individuals or groups that have special protections under international human rights law to pay attention to those standards. This applies to:

Racial and ethnic groups

Women

Children

Persons with disabilities

Migrant workers

Indigenous peoples

Linguistic, religious and other minorities.

The full text of these instruments is available on the [UN OHCHR website](https://www.unhcr.org/refugees-and-asylum-seekers).



UN Photo/Kibae Park

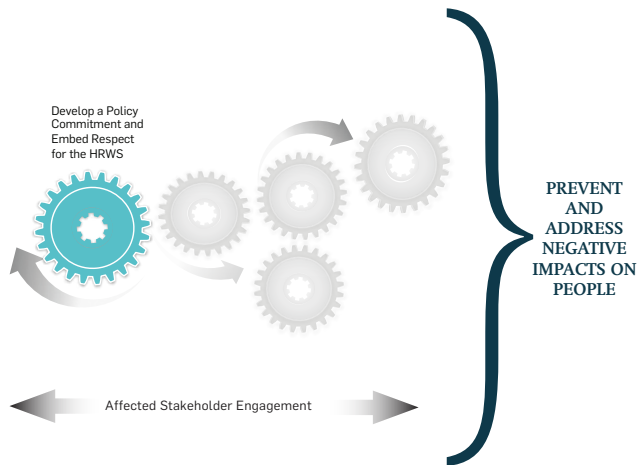
Although each section addresses the role of stakeholder engagement, it may be helpful for users of this Guidance to refer to Table 3, which defines the different types of stakeholders with which a company may need to engage. Broadly speaking, there are three types of stakeholder in relation to human rights issues: directly affected stakeholders and their representatives, credible proxies, and human rights experts. Table 3 outlines how these groups differ from one another, and provides examples of which type of stakeholder may be most relevant for a given purpose.



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TABLE 3: TYPES OF STAKEHOLDERS

Type	Definition	Examples of Relevant Engagement
Affected stakeholders and their legitimate representatives	<p>People whose human rights are, or could be, directly affected by the company, and any legitimate representatives of those stakeholders.</p> <p>E.g., the company’s own staff, trade unions, workers in the supply chain, local populations, with particular attention to whether any are members of potentially vulnerable or marginalized groups.</p>	<p>When a company is unsure of the severity of an impact that might occur, engagement with affected stakeholders can help it assess how impacts would be felt locally.</p> <p>Where a negative impact has occurred, engagement with people who are directly affected can help clarify whether a proposed remedy is acceptable before resources are invested.</p>
Credible proxies	<p>People who are not authorized to or otherwise cannot speak for affected stakeholders, but who know the groups concerned (or similar groups), and can speak to their perspectives, interests, and concerns, and can bring that information to a conversation with the company.</p> <p>E.g., local or international NGOs, local trade unions, academic researchers, anthropologists, and global trade union federations.</p>	<p>These stakeholders can help a company understand and analyze a potential impact at a global or regional level, or from a policy perspective.</p> <p>There may be situations where a company would ideally like to get the perspective of directly affected stakeholders, but political or logistical limitations make it impossible, and so credible proxies may provide the best available alternative.</p>
Human rights experts	<p>People who do not interact on a consistent basis with affected stakeholders, but are experts in specific human rights issues or impacts, how they can arise, related standards, high-risk regions, how other companies have handled them, or other relevant points.</p> <p>E.g., academics, lawyers, international NGOs, socially responsible investors.</p>	<p>In the case of challenging situations, these experts can help share approaches that have been effective elsewhere, or highlight strengths and weaknesses of different approaches.</p> <p>In situations where there is relatively little a company can do because action is required by others to address a negative impact, engagement with potential critics can help them understand that the company is doing what it reasonably can within the limitations of the situation.</p>



I DEVELOP A POLICY COMMITMENT AND EMBED RESPECT FOR THE HRWS

CORE CONCEPTS

- For a large-scale water-using company (meaning one whose operations, products or services involve drawing significantly on local water resources), impacts on the HRWS are likely to be a leading human rights risk. The company should consider developing a policy commitment that specifically addresses the HRWS. For other companies, a broader commitment to respect human rights may be sufficient.
- A commitment to respect the HRWS may be stand-alone or integrated into existing human rights, water stewardship, or other corporate commitments.
- A policy commitment should be approved at the highest levels of the company and communicated internally and externally. It should be tested during development with internal colleagues and with affected stakeholders or their representatives.
- To ensure that a commitment is “embedded” throughout its operations, a company needs to drive it into all aspects of the business, including the corporate culture. This will often require cross-functional cooperation among those with responsibility for human rights and for water stewardship.

KEY TERM: WHAT ARE LEADING HUMAN RIGHTS RISKS?

Leading human rights risks are the ones that stand out for a company as being most at risk from the company's operations (including its own activities and business relationships), when considered from the perspective of potentially affected stakeholders. The UN Guiding Principles make clear that companies should not ignore other human rights risks, but they will logically focus their primary attention on leading risks, especially where resources are limited.

Key Steps

A. Develop a Policy Commitment

1. Define the Content of the Commitment
2. Engage Internal Colleagues
3. Engage Stakeholders
4. Communicate the Commitment

B. Embed Respect for the HRWS

1. Establish Appropriate Accountability
2. Build Cross-Functional Coordination
3. Set Expectations for Staff
4. Apply the Commitment to Business Relationships



A. Develop a Policy Commitment

This section focuses on how a company can develop a specific policy commitment on the HRWS. This will be relevant where a company has identified impacts on the HRWS as a leading human rights risk (see the Key Term Box on the previous page).

1. Define the Content of the Commitment

A company's policy commitment should, at a minimum, reflect its responsibility to respect the HRWS throughout its operations, including both its own activities and its business relationships. The commitment should set out for staff, business partners, and others in its value chain the company's expectations about preventing and addressing impacts on the HRWS.

Companies that are responsible water managers typically make a leadership or policy commitment to water stewardship and/or sustainable water management, which drives company action on these issues. Similarly, the UN Guiding Principles expect businesses to put in place a policy commitment to respect human rights throughout their operations. So a commitment to respect the HRWS should consider both these dimensions.

A policy commitment to respect “internationally recognized human rights” in line with the UN Guiding Principles will incorporate respect for the HRWS.



INFORMATION TO INCLUDE IN A POLICY COMMITMENT

Companies have included other relevant information in HRWS policy commitments, such as:

- A commitment to conduct on-going human rights due diligence with regard to the HRWS, specifying key moments when actual and potential impacts will be assessed
- Other leading human rights impacts related to the company's impacts on the HRWS, such as on the rights to food or adequate livelihoods, and its approach to addressing them
- The company's approach to engaging with and consulting affected stakeholders
- The company's approach to communicating about its efforts to address its impacts with other stakeholders and the wider public
- Direct references to initiatives or principles that are consistent with the company's responsibility to respect human rights and its water stewardship commitments, such as a commitment to the UN Global Compact or endorsement of the CEO Water Mandate.

KEY TERM: WHAT ARE INTERNATIONALLY RECOGNIZED HUMAN RIGHTS?

The UN Guiding Principles define these rights as, at a minimum, including those contained in the:

- Universal Declaration on Human Rights
- International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights
- International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Where businesses may affect potentially vulnerable or marginalized groups, they should also pay attention to the special human rights standards applying to those groups. See the Note on Stakeholder Engagement at the start of Part 3.

2. Engage Internal Colleagues

A company should involve relevant staff from across the business in developing or reviewing a policy commitment on the HRWS. Doing so can help build understanding and ownership of the commitment, and increase the likelihood of effective implementation.

In developing a policy commitment on the HRWS, it is essential to involve staff with responsibility for water stewardship (or environmental issues more generally) and for human rights. It is also important to involve people in the business with responsibility for activities or business relationships that can give rise to impacts on the HRWS. Without engaging these colleagues in developing the commitment, it may be harder for them to connect the commitment to their daily work once it is adopted.

For example, for larger companies with multiple operations or sites, there may be certain locations where water-related impacts are a significant issue, even if this is not the case throughout the company as a whole. These may be particularly important locations for engaging staff in testing a draft of the policy commitment.

A policy commitment may be stand-alone or integrated (see Box on next page). Either way, the commitment should make the connection to existing company approaches that can be built upon — for example, procedures to ensure adequate and well-maintained sanitation facilities in the workplace, efforts to mitigate impacts on local communities around company facilities, or programs to work with suppliers to improve their own respect for the HRWS. This can help demonstrate that the issues involved in respecting the HRWS are not new to the company.



ENGAGE INTERNAL COLLEAGUES

One company in the food and beverages industry took three months to engage various internal functions in developing its policy. The company's water experts deliberately consulted with leaders in the public affairs, operations, legal, communications, and investor relations functions. These groups make up the company's public policy coordinating group, which ultimately approved the policy. Doing so helped socialize key colleagues to both the letter and the spirit of the commitment.

**RESPECTING
THE HRWS
IN PRACTICE**

A STAND-ALONE OR INTEGRATED POLICY COMMITMENT?

A policy commitment to respect the HRWS can take many forms. The key question is: what is the most effective way to signal the importance of this issue, in order to embed respect for the HRWS throughout the business? Company approaches include:

- Making a stand-alone commitment to respect (and, where relevant, support) the HRWS
- Highlighting the HRWS in a high-level commitment to respect human rights
- Including impacts on the HRWS in a specific commitment or strategy on water stewardship and management, especially where those already include a focus on social, as well as environmental impacts within a basin
- Integrating the HRWS into broader sustainability or environmental policy commitments
- Signing on to a public pledge committing the company to certain measures (e.g., the World Business Council for Sustainable Development's Water Access Sanitation and Hygiene pledge).

For further information on developing human rights policies generally, see UN Global Compact, *Guide on How to Develop a Human Rights Policy*.



Photo courtesy of UNDP in Uzbekistan

3. Engage Stakeholders

Testing a policy commitment with key stakeholder groups can help a company understand how the policy is likely to be seen by those groups. Wherever possible, this should include potentially affected stakeholders or their legitimate representatives.

Companies have found that testing a draft with stakeholders can help avoid missed opportunities in developing a new policy commitment on a significant human rights issue. They may be able to identify where the policy could be strengthened or provide greater clarity on what is intended. Although some views may conflict, a company is always better off knowing how the policy may be perceived by different stakeholders in advance of its release. Signaling an intention to review and revise the commitment over time can be helpful in this regard.



ENGAGE STAKEHOLDERS

One apparel company gathered internal input and then tested initial drafts of a policy commitment with a small number of expert stakeholders from the water stewardship space with which it had existing formal partnerships, as well as with trusted experts on the human rights side. It then tested a revised version with representatives of human rights-focused international organizations before publishing the final commitment.



4. Communicate the Commitment

Once a company has adopted a policy commitment, it should communicate it both internally and externally.

In demonstrating top-level commitment to respect the HRWS companies should consider:

- A public statement by or letter from the CEO or other top-level decision-maker that explains the company's commitment
- Reference to the commitment in relevant existing internal guidance for staff to help them understand how it relates to other policies or processes
- Reference to the commitment in management communications about expectations to all staff and business partners
- Senior staff championing the commitment in appropriate public meetings, with government colleagues, and with peer companies.

POINTER ON SUPPORTING THE HRWS: POLICY COMMITMENTS TO SUPPORT OR PROMOTE THE HRWS

Companies that are participants in the CEO Water Mandate, UN Global Compact, or that are otherwise committed to promoting human rights may want to include a commitment to support the HRWS. This is in addition to recognizing the company's responsibility to respect human rights, which is the baseline expectation of all companies.

Examples of existing company commitments to support the HRWS include commitments to:

- Partner with appropriate state authorities and other organizations to provide access to safe water to a target number of people by a target date
- Make financial or technical contributions to existing state efforts to promote the HRWS in specific vulnerable or marginalized communities
- Support emergency relief efforts to provide safe drinking water to reduce serious illness and death, particularly in children.

In making such commitments, it is important for companies to consider how existing regulation and state capacity affects the situation, how they will help ensure sustainability of the intervention, and how they will address issues such as nondiscrimination in implementing any commitments made. Partnering with other organizations with relevant expertise is often helpful in this regard.

B. Embed Respect for the HRWS

1. Establish Appropriate Accountability

Appropriate internal accountability structures should be established to ensure that the commitment is acted upon, particularly when important business decisions are being made.

Corporate water stewards are expected to establish appropriate internal accountability structures. To ensure that a policy commitment to respect the HRWS is met in practice, accountability structures should incorporate this aspect as well.



CREATING ACCOUNTABILITY FOR RESPECTING THE HRWS

Approaches companies have pursued include:

- Establishing a Board subcommittee that receives regular summaries from business units on the impacts the company has on the HRWS and its efforts to prevent and address them
- Linking review of environmental and social impacts at key stages in a project's development to review by an internal investor committee
- Ensuring that management considers the results from internal review processes (e.g., quarterly reports that include impacts on the HRWS) as part of key decision making
- Creating a pathway for any cross-functional teams responsible for integrating respect for the HRWS to report directly to an appropriate individual within the senior management team
- Engaging external stakeholders in an advisory panel to review the company's efforts to meet its responsibility to respect human rights, including the HRWS.

2. Build Cross-Functional Coordination

Larger companies should pay particular attention to coordination among relevant functions in order to successfully embed a policy commitment on the HRWS. Unless those with responsibility for the specific activities or business relationships that may give rise to human rights impacts are involved in implementing the commitment, effective action to prevent and address specific impacts may be limited.

A growing number of companies are creating cross-functional teams to drive the company's broader commitment to respect human rights. These can be particularly important when it comes to embedding respect for the HRWS because of the need to engage both environmental and human rights colleagues in implementing the policy commitment. The most successful cross-functional teams go beyond information sharing and allocate distinct responsibilities to relevant functions for taking action to prevent and address human rights impacts. They also engage "impact owners" directly in these efforts. Cross-functional efforts on the HRWS may need to involve colleagues from legal (including mergers and acquisitions), financial, technical, development, corporate strategy or long-term planning, and other relevant functions.

There is no single right approach to this issue. In deciding how best to enhance cross-functional coordination on the HRWS, a company will need to consider where influence sits (i.e., which functions or individuals have the necessary internal leverage to generate action on ensuring respect for the HRWS in practice). For more information on this, see the UNGC's Good Practice Note on *Organizing the Human Rights Function within a Company*.

KEY TERM: WHO IS AN IMPACT OWNER?

Impact owners are individuals within the company with responsibility for those activities (e.g., human resources, community relations, operations) or business relationships (e.g., purchasing and supply chain management) that may lead to negative impacts. Other functions that may be important to engage in any effort related to respecting human rights include legal and compliance.





CROSS-FUNCTIONAL ENGAGEMENT ON THE HRWS

Different companies have come up with tailored approaches to create greater cross-functional coordination on the HRWS. These approaches include:

- Establishing parallel environmental and human rights steering groups that meet quarterly and bring together corporate, operations, and site-level staff who have a water focus
- Establishing a joint steering group in which environmental and human rights functions meet regularly to consider areas of overlapping responsibility
- Identifying a liaison within a cross-functional team who will reach out to other key functions that are not represented on the steering group but are still important to engage
- Relying on a high level of coordination in practice between the human rights and water stewardship teams, with parallel reporting lines to the head of sustainability
- Embedding practitioners that have responsibility for water and human rights issues in key functions (e.g., supply chain management or operations) to enable direct input on identified risks.

One company in the food and beverage industry has two cross-functional working groups to manage water-related issues and human rights. When matters related to the HRWS are brought to the attention of either group, it coordinates with the other. The head of public affairs co-leads both of these groups, which report to the company's executive leadership team and board. The group focused on water in the company's operations is comprised of representatives from environmental, operations, agriculture, manufacturing, engineering, and policy engagement teams. The group focused on human rights is comprised of representatives from public affairs, human resources, legal, compliance, security, risk management, procurement, and safety, health and environmental teams. In both groups, cross-functional coordination is necessary to provide strategic direction, technical expertise, and progress on implementing the company's programs.



3. Set Expectations for Staff

To successfully embed respect for the HRWS in the daily activities of staff, the expectations in a policy commitment should be reflected in performance incentives, tailored guidance, and training.

Performance incentives are critical in demonstrating the importance attached to effective management of social and environmental impacts. For example, if procurement colleagues are rewarded based on price and speed of delivery alone, without regard to supplier performance on human rights criteria such as impacts on the HRWS in the workplace, then respect for workers' rights will never be a priority for those who oversee procurement. Experience from the health and safety and environmental fields shows that wherever possible, incentives should target desired behaviors that demonstrate respect for human rights and not just "tick box" metrics such as the completion of a training course or the number of suppliers audited.

Training can be an important tool in building understanding between water and sanitation and human rights colleagues. It can help to demystify human rights for those on the environmental side and to educate human rights colleagues in the technical aspects of water stewardship. To be effective, training should be tailored to the particular activities of relevant staff to help them connect the issues involved in respecting the HRWS to their daily work.



SETTING EXPECTATIONS FOR STAFF

One apparel company began the process of setting expectations for various business functions to take responsibility for the HRWS by communicating its policy commitment to staff. The company is now working to set expectations for its purchasing, production, retail market, logistics, construction, security, and human resources functions to embed the HRWS into their regular activities such as risk analysis, action plans, and new market entry.



TAILORED TRAINING ON THE HRWS

Individual companies have taken a range of approaches to this, which include:

- Bringing human rights and water colleagues together for a day to jointly practice assessing impacts on the HRWS and the development of possible mitigation plans
- Integrating water and sanitation issues into training materials on human rights (and vice versa), including general as well as country-specific e-learning modules
- Using in-country workshops to “road test” approaches to due diligence around particular challenges or issues
- Discussing real cases and involving staff with past experience in addressing HRWS impacts — or human rights risks more broadly — in training their peers.

One mining company conducts a variety of trainings related to its Code of Conduct, Human Rights Policy, and Business and Integrity initiatives. These trainings are offered to all staff and cover a range of human rights issues. Specific sites and business units receive targeted training related to the HRWS where risks related to water use, community health and livelihoods, or resettlement are identified.



4. Apply the Commitment to Business Relationships

A company should set clear expectations about respecting the HRWS from the start of its business relationships, in order to lay the foundation for effective action to prevent and address impacts throughout the relationship.

In setting clear expectations of its business relationships, companies should:

- Review the terms of contracts with business partners and others, and provide guidance to those who negotiate them, in order to ensure that they specify the company's expectations of those entities with regard to respecting human rights, including the HRWS, that they include how implementation will be monitored and discussed.
- Look for evidence that entities with which the company has a business relationship have the capacity and will comply with such provisions, and provide information or support where that is lacking.
- Clarify that the company expects business partners in its value chain to pass these expectations on to their own suppliers and/or business customers, and seek evidence that they do so wherever possible.

These kinds of approaches build on commitments that companies endorsing the UN Global Compact and CEO Water Mandate have already made regarding supplier engagement. The UNGC maintains guidance material on sustainable supply chain management more generally.

KEY TERM: WHAT IS A BUSINESS RELATIONSHIP?

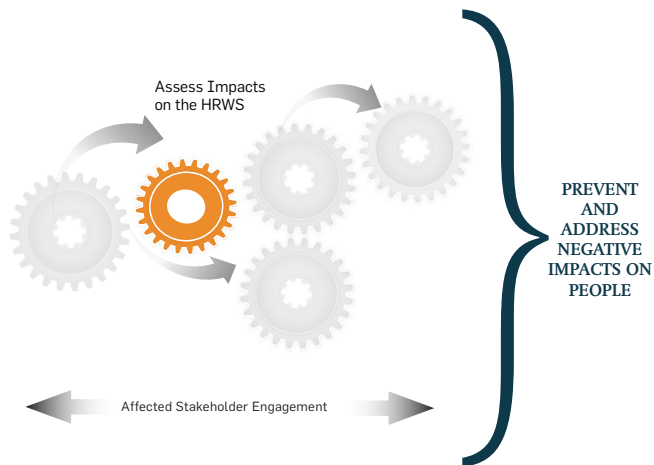
These are relationships a company has with business partners, entities in its value chain, and any other entity (state or non-state) directly linked to its operations, products, or services. They include indirect business relationships in the value chain, beyond the first tier, and minority and majority shareholding positions in joint ventures.



APPLYING A POLICY COMMITMENT ON THE HRWS TO BUSINESS RELATIONSHIPS

One apparel company's human rights policy specifically outlines expectations of its suppliers to respect human rights, as well as its own commitment to prevent and address negative human rights impacts throughout its value chain. The company has a complementary position statement on the HRWS in which it commits to responsible water use throughout its value chain. Central to this is looking "beyond the fence lines" of its own operations to understand and manage risks to the HRWS in its supply chain.





II

ASSESS IMPACTS ON THE HRWS

Core Concepts

- In addition to understanding the company’s water-related risks from a business perspective, water stewards are increasingly expected to understand the risks that the company’s operations pose to affected stakeholders. A human rights lens clearly focuses attention on risk to people.
- Assessing impacts means gathering the information needed to understand a company’s actual and potential impacts on the HRWS. Meaningful engagement with affected stakeholders is essential to understand how the company’s operations may have negative impacts on people. It includes listening, understanding, and responding to the concerns of affected stakeholders, and paying particular attention to impacts on potentially vulnerable or marginalized individuals or groups.
- Companies need to review their existing assessment systems to determine if they can be used to identify actual and potential impacts on the HRWS, and if not, how these functional gaps can be addressed.
- A human rights lens uses the severity of the impact on affected stakeholders to prioritize issues for attention by the company, where prioritization is necessary. Those impacts may be at a company’s own facility or elsewhere in its value chain.

KEY TERM: WHAT ARE RELEVANT BUSINESS ACTIVITIES?

Relevant business activities include everything a business does in connection with the life cycle of its products or services, from the sourcing of components or commodities to its design, production, delivery and after-service. This includes hiring and/or contracting staff, contractors, suppliers, customers, governments, or others. Activities can include procurement, legal, compliance, sales, operations, human resources, R&D, among others.

Key

- A. **Assess How the Company May Be Involved in Impacts on the HRWS**
 1. Understand who may be impacted by the company's activities
 2. Review how the company may be involved with an impact
 3. Consider impacts arising through business relationships
 4. Engage with stakeholders in assessing impacts

- B. **Prioritize Impacts for Attention Where Necessary**
 1. Evaluate the severity of the impact on affected stakeholders
 2. Evaluate the likelihood that impacts will occur
 3. Prioritize impacts for attention

- C. **Build a Systematic Approach to Assessment**
 1. Review and build on existing systems
 2. Pay particular attention to cumulative impacts



A. Assess How the Company May Be Involved in Impacts on the HRWS

1. Understand Who May Be Impacted by the Company's Activities

A company should consider its various business activities and how they may negatively impact different stakeholders. The process should pay attention to individuals or groups who may be particularly vulnerable or marginalized.

A company may have an impact on the HRWS in various ways, for example:

- It may have impacts on **workers'** enjoyment of the HRWS (e.g., because of inadequate sanitation facilities for workers in a company-owned factory or on site).
- Its operations may have direct impacts on **local communities** (e.g., through significant withdrawals of water from limited community water sources, by discharging effluent into local waterways with negative impacts on community members, or by generating an influx of workers into a particular area leading to an overload on available water and sanitation services).
- Its products or services may rely on **key inputs** (e.g., cotton, sugarcane, wood pulp) or **processes** (e.g., dyeing textiles, grinding minerals, cleaning and rinsing silicon chips) that involve significant water usage and may have negative impacts on workers or local communities elsewhere in the value chain.

A company may find it helpful to list key activities and stakeholders who may be affected in a matrix (Table 4 is an example) to help pinpoint the relevant impacts and identify how the HRWS may be affected, using the five key dimensions of the HRWS: availability, accessibility, acceptability, quality and safety, and affordability. The analysis could also capture associated human rights impacts. (Part 2 offers five case examples.)

It is important to consider how the company's operations may impact individuals or groups who are at heightened risk of vulnerability or marginalization (see the Note on Stakeholder Engagement for more on this).

TABLE 4: BUSINESS ACTIVITIES - AFFECTED STAKEHOLDERS MATRIX

Company Activity	Affected Stakeholder Group 1	Affected Stakeholder Group 2	Affected Stakeholder Group 3
Business Activity 1	<i>Actual or potential impact on the HRWS</i> <i>Other human rights that may be impacted</i>		
Business Activity 2			
Business Activity 3			



UNDERSTANDING WHO MAY BE IMPACTED BY COMPANY ACTIVITIES

One mining company conducts extensive impact assessment to understand the potential impacts of its activities on local communities. Assessment begins with a project’s conception and continues through the life of the mine, including closure. It considers the long-term impacts of the operation, including impacts on the community’s access to water. For example, in one project in a water-scarce region of South America, the company had accessed groundwater through the local municipality for several years, within legal limits. When the company sought to expand its operation, it considered impacts on different stakeholders relating to a desalination plant that would be needed. The company chose a coastal location, away from the mine, to minimize its impact on local groundwater resources. But before making this decision, the company had also assessed potential impacts on the coastal community, including on the livelihoods of local fishermen. This was critical for the company to evaluate how it could best mitigate its impact in such a water-scarce region.



2. Review How the Company May Be Involved with an Impact

Under the UN Guiding Principles, a company should consider three different modes of involvement — cause, contribution, and linkage — when assessing whether it is or may be involved with negative impacts on the HRWS.

When assessing its impacts on the HRWS, a company will need to consider three types of situations:

- **Causing** an impact through its own activities: e.g., failing to provide workers with appropriate sanitation facilities, or directly polluting a local water source which results in negative impacts on local community members
- **Contributing** to an impact either by facilitating, encouraging, or incentivizing a third party to cause the impact, or by contributing in parallel with others to a cumulative impact: e.g., where withdrawals by multiple companies in one area lead to local communities lacking access to sufficient water for personal and domestic use
- **Linkage:** where a company does not cause or contribute to an impact, but the impact is still linked to its operations, products, or services through a business relationship: e.g., where there are negative impacts on local communities around manufacturing facilities that are part of a brand's supply chain.

Depending on how a company is or may be involved with a negative impact on the HRWS, there are different expectations regarding the action the company should take in response. These are discussed in Section III: Integrate and Take Action.

KEY TERM: WHAT IS LINKAGE?

Linkage refers to the actions of a business partner or another entity in a company's value chain that cause an impact that is directly linked to the company's own operations, products, or services, which the company itself did not cause or contribute to.

In the context of corporate water stewardship, "direct linkage" may be similar to the concept of "indirect water use"; however, this Guidance uses the terminology of the UN Guiding Principles to ensure consistency with companies' broader efforts to implement their responsibility to respect human rights.

3. Consider Impacts Arising through Business Relationships

A company should consider impacts arising through business relationships during the impact assessment process. Where it is necessary to focus on certain types of business relationships because of limited resources, a company should be guided by the severity of negative impacts involved, rather than focusing only on those relationships that are most important to the company.

Companies with extensive value chains or that otherwise have large numbers of business relationships may need to prioritize which business relationships to focus on for the purposes of assessing impacts on the HRWS, especially where resources are limited. Where necessary, decisions about which business relationships require assessment efforts on should consider such factors as:

- Business partners located in areas where there are known, serious risks to the HRWS (e.g., because of water stress combined with poor regulatory frameworks and weak institutional capacity, or because of poor cultural practices with regard to WASH)
- Business partners with a track record of poor performance on human rights and/or environmental protection
- Local, smaller, or new business partners who may lack awareness of the HRWS and/or lack the capacity to prevent and address impacts
- Business partners that provide key inputs or engage in key processes that pose heightened risks (e.g., production of cotton, grinding of minerals).



CONSIDER IMPACTS ARISING FROM BUSINESS RELATIONSHIPS

One apparel company reviews risks that can arise from business relationships as part of its due diligence when expanding into new markets, as well as when it reviews current business partners' practices. The sustainability team provides input into the risk assessment process at corporate headquarters by conducting research on human rights risks and using the WWF-DEG Water Risk Filter tool. Identified risks, including those related to the HRWS, are discussed with field staff and country managers, as these staff are responsible for engaging business partners. Additionally, the company assesses impacts at its source factories as part of its audit program. For example, auditors evaluate drinking water and water used for sanitation to ensure it is accessible, clean, and safe. The company also works with factories to establish structured social dialogues for workers to raise their concerns, including concerns related to the HRWS. Finally, the company conducts "hot spot" mapping across its supply chain to assess water scarcity, which can include potential impacts on the HRWS, in regions where its source mills are located.

4. Engage with Stakeholders in Assessing Impacts

To understand its impacts, a company should engage with affected stakeholders or their legitimate representatives as part of the assessment process. Where direct engagement is not feasible, companies should engage with credible proxies.

Engaging with affected stakeholders can help inform a company's understanding of the severity of potential and actual impacts on the HRWS (see Section B.1 below). The note at the beginning of Part 3 outlines how affected stakeholders and credible proxies differ from one another, and provides examples of when engagement with each may be most relevant.

Whenever a company is engaging with stakeholders, it is important to set expectations about the purpose of that engagement both with internal colleagues and with those stakeholders. This includes clearly explaining what the company can and will do with the input it receives during an assessment process. Whereas it may be uncomfortable to engage with individuals or organizations that have been critical of the company with regard to the HRWS or broader water-related issues, if a company only engages with those who provide positive feedback, it risks excluding perspectives that can be important in providing a full picture for its own risk management processes. This significantly limits the value of engagement, and may undermine its credibility with stakeholders.



ENGAGE WITH STAKEHOLDERS IN ASSESSING IMPACTS

A chemicals company has sought to incorporate affected stakeholder perspectives into its assessment processes in several ways. First, it holds formal meetings on a quarterly basis with local communities where community members can raise concerns. For example, at one operation, the company engages local communities during the hot summer months when concerns over water availability are heightened, in order to understand their perspectives on the company's water use and its impacts on the groundwater table. It also conducts annual community surveys to understand how local stakeholders experience impacts. In addition, the company commissions third-party impact assessments every three years to understand any changes in impacts related to the HRWS in the local communities. The information obtained through these assessment processes is used to identify impacts on drinking water supplies or irrigation sources, which in turn informs water management plans at each site.



KEY TERM: WHAT ARE CUSTOMARY WATER RIGHTS?

Customary water rights refer to rights over water use that are acquired or established by traditional patterns or norms within a particular sociocultural setting. Companies should consider these rights in a range of settings, but particularly where there are indigenous communities.

B. Prioritize Impacts for Attention Where Necessary

1. Evaluate the Severity of Impacts on Affected Stakeholders

A company should assess the severity of an impact on the HRWS by considering its scale, scope, and the extent to which the harm involved can be remedied.

The UN Guiding Principles expect companies to assess the severity of a specific impact according to three criteria:

- a) **Scale** — meaning how grave the impact is (e.g., pollution that makes the water supply unsafe to drink and causes serious illness in those that ingest it, with particularly severe consequences for pregnant women)
- b) **Scope** — meaning how many people are or will be affected by the impact (e.g., a lack of adequate sanitation facilities that affects the entire workforce in a factory, including migrant workers who live on-site in dormitories)
- c) **“Irremediability” or how remediable it is** — meaning whether it will be difficult or impossible to restore those impacted to a situation that is equivalent to their situation before the impact (e.g., community members suffer long-term negative health impacts as a result of contaminated drinking water).

In some cases, it will be clear whether or not an impact will be severe. In other cases, it will be important to engage with affected stakeholders to gain an understanding of its severity in practice.

2. Evaluate the Likelihood that Impacts will Occur

In addition to understanding severity of an impact on the HRWS, a company should understand the likelihood of it occurring or recurring.

Likelihood can be affected by:

- a) The **local operating context**, where that can heighten the risk of severe impacts occurring (see Box below)
- b) The **specific business relationships** involved (e.g., where a business partner has a record of breaching human rights, lacks any credible policies in this area, or is in conflict with local stakeholders)
- c) The company's **existing policies, processes, or systems**, which may reduce the likelihood of a specific impact occurring.

POINTER ON RESPECTING THE HRWS: EVALUATING THE OPERATING CONTEXT

Contextual factors that may increase the likelihood of negative impacts on the HRWS could include:

- Economic development policies that do not take adequate account of human rights, leading to water and sanitation frameworks that fail to specify water use priorities or that prioritize water use for economic purposes over some communities' domestic or other livelihood needs
- Inadequate water allocation or regulatory frameworks for managing total water withdrawals and/or discharges, also making it harder to prevent cumulative impacts where multiple actors are operating in an area
- A lack of state capacity to enforce existing frameworks, including where power for water and sanitation issues has been devolved to local authorities without ensuring that they have the capacity and resources to meet their responsibilities
- A lack of accurate or publicly available data about overall water availability or use to inform government regulation and policy
- Poor sanitation practices in the broader community
- Confusion arising from the interaction of customary water rights with legal tenure, e.g., where there is a lack of clarity about ownership of communal land, or where informal settlements are unrecognized, leading to discrimination against individuals living in those communities
- The extent to which participatory processes for public decision-making around water and sanitation issues are established and embedded into the political culture
- Chronic gender discrimination, e.g., where the lack of appropriate facilities for or education about menstrual hygiene leads girls to drop out of school when they reach menstruation age
- Active or latent conflict over water resources — from physical confrontation to armed violence
- Natural climatic factors such as rain, drought, flooding, and climate change.

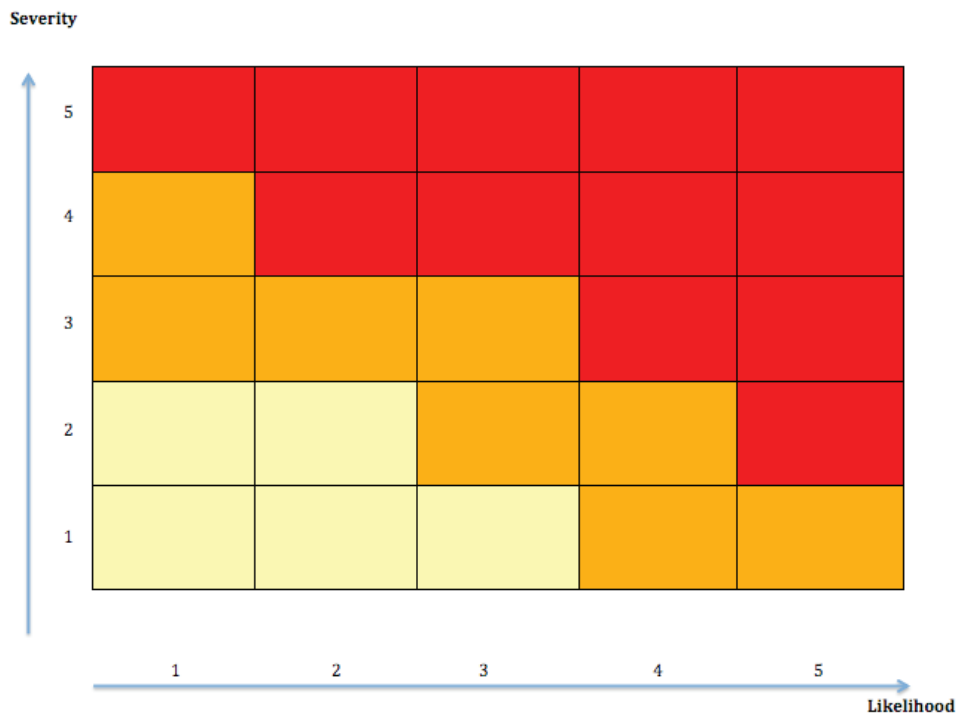
3. Prioritize Impacts for Attention

Where it is not possible to address all HRWS impacts at once, a company should prioritize impacts for attention based on their severity and likelihood, with severity being the dominant factor.

The water stewardship space lacks a well-defined, broadly accepted way for companies to prioritize action to address water-related social impacts. In contrast, the UN Guiding Principles offer a clear approach: where prioritization is necessary, companies should first seek to prevent and mitigate those impacts that may be the most severe from the perspective of affected stakeholders.

Having determined the severity and likelihood of HRWS impacts, a company can plot those impacts on a “heat map” like the illustration in Figure 2 below. A “human rights heat map” for prioritizing action is distinct from traditional business risk prioritization: it shows that impacts that are high-severity still need to be prioritized, even if they are low-likelihood. In risk prioritization, low-severity–high-likelihood risks would have similar priority to high-severity–low-likelihood risks. However, bringing a human rights lens to prioritization means that the severity of the impact should drive the company’s approach.

FIGURE 2: HUMAN RIGHTS HEAT MAP



Prioritization is a relative concept. This means that after the most severe potential HRWS impacts have been prevented or mitigated, the next most severe impacts need to be dealt with, and so on through all the impacts identified. Of course, different individuals or functions/departments within the company may be able to address different risks in parallel. And where risks can be addressed quickly with relative ease — perhaps because they arise from circumstances entirely under the company’s own control (e.g., the adequacy of sanitation facilities within its own factories) — then they may also become relative priorities for action.

POINTER ON RESPECTING THE HRWS: ENGAGING WITH STAKEHOLDERS ABOUT PRIORITIZATION

To verify whether the priorities it has identified are seen as credible, a company will need to engage with stakeholders. Note that this is distinct from engaging about specific impacts in order to understand how stakeholders may experience them. Engagement with stakeholders about a company’s efforts to prioritize (where that is necessary) typically means engaging with stakeholders that can see the “big picture” of corporate operations and will be more likely to understand the relative significance of different issues for the company as well as how they may impact stakeholders in different ways.



PRIORITIZE IMPACTS FOR ATTENTION

A mining company identifies impacts in its annual operational risk assessment process. The company is committed to addressing impacts from the perspective of local water users. The company reviews both the severity of an impact on the HRWS and the extent to which stakeholders perceive the company to be responsible for the impact, regardless of whether the company caused, contributed, or is linked to the impact. In using this information to devise action plans to address identified impacts, the company prioritizes the stakeholders who are or may be most significantly impacted.

RESOURCES: EXISTING WATER ASSESSMENT TOOLS

Tools for site and corporate-level assessments currently used by companies include:

- Alliance for Water Stewardship Standard
- Ceres Aqua Gauge
- IPIECA-GEMI, Water Risk Assessment Tools
- Water Footprint Network, Water Footprint Assessment tool
- World Business Council for Sustainable Development, Global Water Tool
- World Resources Institute, Aqueduct Tool
- WWF-DEG, Water Risk Filter

It is important to note that the AWS Standard expects site-level attention to “shared water challenges” that local stakeholders may be experiencing, even if they do not pose a clear risk to the business. Although the Standard does not provide guidance on how to prioritize shared water challenges, the core criteria do expect sites to continually improve their efforts to address such challenges over time.

C. Build a Systematic Approach to Assessment

1. Review and Build on Existing Systems

A company should review whether its existing assessment processes provide it with the information it needs about impacts on the HRWS and address any gaps that may exist.

Companies with water stewardship programs are likely to have various assessment processes that can help inform their understanding of impacts on the HRWS. These may include systems for assessing how much water the company is using, the quality of its wastewater discharge, or whether a particular basin is water-stressed.

Although many of these processes can provide useful information, it is important to be aware that existing water assessment tools take a range of approaches to social impacts, and do not typically focus clearly on risk to people. Most measure water risk from the perspective of the company, in terms of physical, regulatory, or reputational risk. The Box on this page highlights some familiar tools in this space.





BUILDING ON EXISTING ASSESSMENT SYSTEMS

Companies have been able to supplement the information they obtain from existing water-related assessment processes with other information, such as:

- Political risk assessments
- Security and conflict risk assessments
- Legal due diligence
- Community relations procedures
- Supply chain management processes
- Audits and internal controls
- Reviews of media and NGO reports
- Ongoing stakeholder engagement.

They may also be able to draw on information collected and made available by the state where that exists.

Processes to assess impacts on the HRWS need to span the life-cycle of a company's products and services. This means they should happen at key moments, which could include:

- The start of a new activity or siting of a new facility
- The start of a new business relationship
- The development of a new product or project
- Significant changes in the operating environment.

POINTER ON RESPECTING THE HRWS: STAND-ALONE HUMAN RIGHTS IMPACT ASSESSMENTS

Impact assessment processes may be integrated into the company's regular business planning cycles. Alternatively, there may be good reasons in particular cases for a company to choose to conduct a stand-alone human rights impact assessment ("HRIA"). Those reasons may include:

- The company is operating in, or entering, a situation that poses potentially severe risks to a particular right or a potentially vulnerable group.
- The relevant operating context raises a range of challenges for respecting rights more generally (e.g., in a conflict or post-conflict setting).
- The exercise can help the company translate respect for human rights into the organization's own language and processes.

Although HRIAs can provide an evidence-based snapshot of the human rights impacts that a particular company or operation has or may have on affected stakeholders at one point in time, the findings and recommendations need to be implemented and monitored if that snapshot is to lead to meaningful action.



2. Pay Particular Attention to Cumulative Impacts on the HRWS

Cumulative impacts arise from parallel contributions by one or more actors that lead to a negative impact on the HRWS. Such impacts may be particularly severe and challenging to address. A company should ensure that its impact assessment processes adequately capture such cumulative impacts, so that appropriate action can be taken to address them in collaboration with other relevant actors, including the state.

A classic example of a cumulative impact on the HRWS is where a multitude of industrial and agricultural companies are drawing from or discharging into the same basin, and together their actions have a significant effect on the water quality or availability for local communities. This may be the case even though each of the company's individual actions are within permissible legal withdrawal or discharge limits.

Effectively preventing and addressing cumulative HRWS impacts typically requires an appropriate legal framework that requires collaboration among all actors. Where such a framework is absent or weak, it may be significantly harder for companies to meet their responsibility to respect the HRWS in practice.

RESOURCES ON CUMULATIVE IMPACTS

Increasing attention is being paid to the assessment and management of cumulative impacts in challenging contexts. Relevant references for companies include:

- International Finance Corporation, Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets, 2013.
- UNGC and Maplecroft, Human Rights and Business Dilemmas Forum, Cumulative Human Rights Impacts, 2013.
- UNGC, webinar on Cumulative Impacts on Human Rights, 2014.



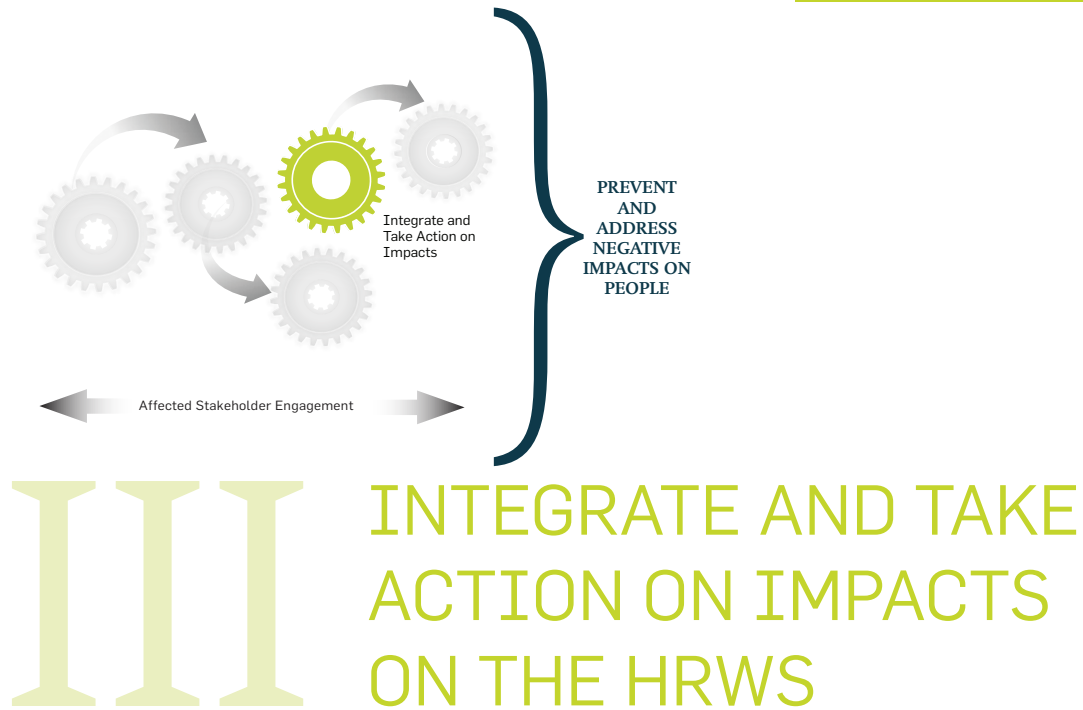
CONSIDERATIONS IN ASSESSING CUMULATIVE IMPACTS

Practical considerations that companies typically pay attention to in reviewing the effectiveness of their systems for assessing cumulative impacts include:

- The importance of obtaining detailed baseline information about conditions in an area through engagement with experts and local stakeholders
- The need to understand the threshold capacities of an environment or a community with respect to a specific impact (e.g., the levels of a certain pollutant in a water source above which communities' subsistence fishing activities or health would be negatively impacted)
- The fact that cumulative impacts can aggregate linearly (i.e., at a steady rate over time), exponentially (i.e., increasingly rapidly over time), or reach tipping points, which can exacerbate the severity of potential impacts
- The need to accurately identify other companies or actors that may contribute in parallel to an impact and seek information about their specific contribution
- The need to take into account legacy impacts by companies that may have left the area but whose historical activities have contributed (and may continue to contribute) to the current situation
- The importance of ensuring that any Terms of Reference for external consultants conducting risk or impact assessments for the company include cumulative impacts within its scope.

One company in the food and beverage industry with a water bottling plant in the United States relies on a local underground spring. The company identified issues relating to water availability and contamination through its impact assessment processes. It assessed its own practices and found that its withdrawals and discharges were within permitted limits. It then worked with local academics and consultants to create a detailed map of the spring system to further evaluate the cause of these potential impacts on the HRWS. The findings indicated that the contamination was from cumulative impacts of nearby farming operations. The company shared its assessment with the relevant state authorities, NGOs, and local community members in an effort to determine what actions might be taken to collectively address and mitigate these risks.





Core Concepts

- Appropriate action by a company to respond to an identified impact will depend on whether the company may cause or contribute to the impact, or whether the impact is directly linked to its operations, products, or services through a business relationship.
- A company’s ability to exercise leverage (or influence) is key to addressing impacts on the HRWS that arise through business relationships. Effectively preventing and addressing such impacts may involve engaging multiple parties, including state authorities.

KEY TERM: WHAT IS THE DIFFERENCE BETWEEN EMBEDDING AND INTEGRATING?

Embedding is the macro-level process of ensuring that the company's responsibility to respect human rights is driven across the organization, into its business values and culture.

Integrating is the micro-level process of taking findings about a particular potential impact, identifying who in the company needs to be involved in addressing it, and securing effective action to prevent or mitigate the impact.

Key Steps

A. Identify Options to Prevent or Mitigate Potential Impacts

1. Understand how the company is involved with an impact on the HRWS
2. Engage with stakeholders in identifying mitigation options

B. Build and Use Leverage in Business Relationships

1. Evaluate possible sources of leverage in business relationships
2. Pay particular attention to leverage in supply chain relationships
3. Pay particular attention to leverage in relationships with state authorities



A. Identify Options to Prevent or Mitigate Potential Impacts

1. Understand how the Company is Involved with an Impact on the HRWS

The action a company is expected to take in response to an HRWS impact depends on whether it caused, contributed to, or is directly linked to the impact. So a company needs first to understand how it is or may be involved with an impact in order to identify appropriate responses.

To understand whether it caused, contributed, or is linked to a negative impact on the HRWS, or may cause, contribute, or be linked to such an impact, a company will need to ask the following questions:

Cause

- a) Did or could the company's actions or decisions alone lead to the HRWS impact?
- b) If so, did or would those actions or decisions lead directly to the impact such that no additional action by another entity would be needed for the impact to occur?

→ *If yes, the company has caused the impact.*

Contribution

- a) Did or would another entity have to take action in order for the HRWS impact to occur, whether:
 - i. Independently of, and in addition to, a decision or action by the company, or
 - ii. Motivated or enabled by a decision or action of the company?

→ *If yes to either question, the company has contributed to the impact.*

Linkage

- a) Was the HRWS impact a result of decisions or actions undertaken by an entity with which the company has a business relationship?
- b) Is the impact directly linked to the company's own operations, products, or services?
- c) Is the company confident that its own decisions or actions did not motivate or enable the impact?

→ *If yes to all three questions, the company has not caused or contributed to the impact, but is linked to it.*

2. Identify Appropriate Prevention and Mitigation Options

Once a company understands how it is or may be involved with a HRWS impact, it should identify appropriate options to prevent or mitigate the impact. Engaging with affected stakeholders can help ensure that whatever action is taken is most likely to be effective.

The UN Guiding Principles clarify what is expected of companies in responding to negative human rights impacts, as outlined in Table 5. The responsibility to remediate impacts that the company caused or contributed to is addressed in Section V below.

TABLE 5: RESPONDING TO NEGATIVE IMPACTS

If a company has ...	Then it should ...	
caused, or may cause, an HRWS impact	cease or prevent the action causing the impact,	and remediate the impact.
contributed to, or may contribute to, an HRWS impact	cease or prevent the action contributing to the impact, use leverage to mitigate the risk that any remaining impact continues or recurs,	and contribute to the remediation of the impact.
identified a linkage between the impact and the company's operations, products, or services	use leverage to mitigate the risk of the impact continuing or recurring to the greatest extent possible.	<i>While the company is not responsible for remediating the impact, it may choose to do so for other reasons.</i>



IDENTIFY APPROPRIATE PREVENTION AND MITIGATION OPTIONS

A company in the food and beverage industry regularly conducts human rights impact assessments in high-risk countries and has begun incorporating impacts on the HRWS into its assessments. In one country where it has a plant, the company's assessment highlighted local community members' concerns that they were experiencing reduced access to safe water and associated health problems. Local stakeholders expressed the view that the irrigation practices of local farmers (responsible for 96% of the water use in the country) and the activities of the various companies located in the watershed area were responsible for using the majority of available groundwater. This input helped the company evaluate the nature of its own involvement in the negative HRWS impacts on local communities. Following the human rights impact assessment, an independent third party-verified water resource review was completed, which concluded that the company's operations were not causing or contributing to depletion of water in the region and that the company's approach to water stewardship, and waste water treatment in particular, was effective. But the assessment also suggested that the negative HRWS impacts were nonetheless directly linked to the company's operations through its business relationships, since some of the local farmers were supplying milk to the company. In response to the linkage situation, the company committed to strengthen its engagement with local farmers about more effective use of water for irrigation purposes and responsible water stewardship, thereby using its leverage to try to mitigate the risk of the impact continuing.

To help mitigate the risk that the company's own activities might contribute in the future to negative HRWS impacts, the company also took some additional steps. The company committed to holding regular consultations with local NGOs, water experts, environmental groups and other companies located in the area about access to water issues to help evaluate whether local approaches prove effective over time. The company signed a memorandum of understanding with a major environmental NGO in order to improve water usage within the company's operations, including its supply chain, and to further implement the Alliance for Water Stewardship standard in the region and, ultimately, in the whole country.

POINTER ON SUPPORT: **EFFORTS TO STRENGTHEN RESPECT FOR AND TO PROMOTE THE RIGHT TO SANITATION**

A company that undertakes meaningful stakeholder engagement will be well placed to take further action to support the HRWS, where it has committed to do so. For example, a company that is reviewing how to strengthen WASH in its own facilities learns from its workers that there is poor understanding in the community outside the factory about sanitation practices, and this is likely to undermine the company’s efforts to put in place appropriate sanitation facilities and practices. The state has an existing awareness-raising campaign in place in the communities that the company’s employees are drawn from, and the company decides to contribute to that campaign in order to improve the effectiveness of its efforts within its own facilities as well to help promote the right to sanitation in the surrounding community.

B. Build and Use Leverage in Business Relationships

1. Evaluate Possible Sources of Leverage in Business Relationships

A company should consider the various forms of leverage it has to prevent and address impacts on the HRWS arising through its business relationships and how it can appropriately build leverage where its influence is inadequate.

KEY TERM: **WHAT IS LEVERAGE?**

Leverage is a company’s ability to influence the behaviors and actions of others, usually those with which it has business relationships.

Companies can use leverage in a range of business relationships, including with suppliers, customers and end-users, joint venture partners, and with government counterparts.

The main types of leverage available to a company are outlined in Table 6, with an example of each. Companies with corporate water stewardship programs will be familiar with some of these approaches.



EVALUATE POSSIBLE SOURCES OF LEVERAGE IN BUSINESS RELATIONSHIPS

One apparel company evaluates the possible leverage it may have over its suppliers when working toward cleaner production and improved water use, wastewater management, and chemical management goals. It seeks to use leverage through multi-stakeholder collaboration to encourage business partners to meet their own responsibility to respect the HRWS. Specifically, the company is engaging with other brands, NGOs with water expertise, and clusters of wet-processing factories to create incentives and collective action plans for reducing pollution and improving water quality in Bangladesh.

TABLE 6: TYPES OF LEVERAGE

Type of Leverage	Definition	Example
Traditional commercial leverage	Leverage that sits within the activities the company routinely undertakes in commercial relationships, such as contracting	Including standards relating to the HRWS in contracts, and requiring compliance. Contract terms might include a stipulation that the company would terminate business in the case of serious, repeated, or unaddressed breaches. The results of compliance audits might be used to discuss improvements within suppliers.
Broader business leverage	Leverage that the company can exercise on its own through activities that are not routine or typical in commercial relationships, such as capacity building	Including the terms of relevant international or industry standards relating to respect for the HRWS in joint venture agreements to set a shared benchmark for performance; or working separately with suppliers, e.g., to help them build the systems needed to monitor WASH in their workplace.
Leverage together with business partners	Leverage created through collective action with other companies in or beyond the same industry	Working with the company’s direct business partners to approach the government with a shared request for improved enforcement of water standards at manufacturing sites, or to agree on a shared approach to address a particular challenge to the HRWS in a basin, thus sending a clear and collective message about expectations.
Leverage through bilateral engagements	Leverage generated by engaging bilaterally and separately with one or more other actors, such as government, business peers, an international organization, or a civil society organization	Tackling the risk of excessive water use in how a product is used or disposed of by seeking stronger government enforcement of standards among customers by, e.g., engaging peer companies to encourage a united approach or engaging civil society organizations to help in monitoring.
Leverage through multi-stakeholder collaboration	Leverage generated through collaborative action with business peers, governments, international organizations, and/or civil society organizations	Collaborating in a joint discussion with the company’s home government, peer companies, international organizations, and others to identify or devise ways to address an endemic risk to the HRWS in a particular locale.

2. Focus on Addressing Supply Chain Impacts

A company's suppliers have their own responsibility to respect human rights, including the HRWS. A company should use its leverage with suppliers to reinforce this expectation.

Negative impacts on the HRWS can occur at any level of the supply chain — from the first tier all the way to the sourcing of raw materials. A range of factors can affect the extent of a company's leverage with a particular supplier, including the commercial or reputational importance of the business relationship to the supplier, and the quality and duration of the relationship between the company and the supplier.

Companies endorsing the CEO Water Mandate are familiar with engaging suppliers on issues such as improving water conservation, quality, monitoring, disposal, wastewater treatment, and recycling practices. These can provide important entry points for conversations about the impacts of those suppliers on the HRWS.

RESOURCES ON LEADING APPROACHES TO SUPPLY CHAIN ISSUES

Recent work has highlighted the evolution in the way in which large brands are engaging with their suppliers around human rights and broader sustainability issues. For more, see:

-Shift, [From Audit to Innovation: Advancing Human Rights in Global Supply Chains](#), 2013

-UN Global Compact, [Supply Chain Sustainability: A Practical Guide for Continuous Improvement](#), 2010 (revised version will be available in 2015)

-UN Global Compact and BSR, [A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains](#), 2014

Key questions for a company to ask itself about its supply chain include:

- How do you communicate social and environmental expectations to suppliers?
- Are expectations related to the HRWS included in your contracts and renewal terms with suppliers?
- Who within the company is responsible for engaging with suppliers on social (including human rights) and environmental (including water stewardship) issues?
- How do you ensure consistent messages are conveyed if different teams or functions within the company manage social and environmental expectations?
- How do you ensure these considerations are integrated into purchasing decisions?
- What processes do you use for monitoring or auditing suppliers, and do they reinforce or undermine these expectations?
- Do you provide financial incentives for suppliers to undertake improvements in how they manage their environmental and social impacts?
- Do you provide any guidance or support to help suppliers improve their management systems in this area?
- Are there opportunities for a more collaborative relationship with a supplier in a technical area (e.g., on improved processes for treating wastewater) that will allow you to work with them on preventing and addressing negative impacts on the HRWS?
- In instances where you may not have a direct relationship with the relevant supplier, are you able to work with or through a relevant industry or multi-stakeholder initiative?

POINTER ON RESPECTING THE HRWS: USING LEVERAGE IN BUSINESS RELATIONSHIPS

Companies have found that there are a number of key moments in a business relationship for using or building leverage. These often include:

- Including qualification criteria in bidding processes and in contracts
- Requiring periodic reports on implementation of a service or plan of action
- Renewal of contracts and service agreements
- Points when services or products require maintenance or updating
- Disbursement of funds
- Provision of technical or advisory assistance
- Audit and monitoring processes
- Processes for addressing or investigating complaints.

In some circumstances, a company may find that it cannot use or build sufficient leverage to effectively mitigate a human rights risk within a business relationship. Where the risk is severe, the company will have to consider whether it should leave the relationship. The UN Guiding Principles clarify that a number of factors will be relevant, including whether the company can terminate the relationship without additional harm to human rights. If it chooses to stay in the relationship, it will need to be prepared for all the consequences that may follow—reputational, legal, financial—as well as be able to explain its decision to do so.

3. Focus on Relationships with State Authorities

States have their own obligations to realize the HRWS under international human rights law. Under the UN Guiding Principles, where national law falls below international human rights standards, a company should respect the higher standard. Where national law directly conflicts with human rights, a company should seek to honor the principles of human rights as best it can in the circumstances, and be able to demonstrate its efforts to do so.

States have legal obligations to realize human rights, including the HRWS. State authorities will typically be key actors with which a company engages as part of its effort to meet the responsibility to respect the HRWS. This may be because the state's own actions are causing or contributing to negative impacts and those are directly linked to the company's operations, products, or services, or because the state has the capacity to encourage, incentivize, or require other actors to take steps to prevent and address risks to the HRWS that the company cannot address on its own.

Where the state is meeting its human rights obligations, it may be proportionately easier for a company to meet its responsibility to respect the HRWS. Where this is not the case, a company's responsibility to respect the HRWS does not change, although it may be harder to meet in practice.

POINTER ON SUPPORT: LOBBYING ON HRWS ISSUES

In line with its responsibility to respect human rights, a company should not take lobbying positions that advocate or otherwise result in the undermining of human rights. Engaging in responsible lobbying that seeks to promote human rights can be an important aspect of a company's commitment. For example, many committed water stewards are advocating for more sustainable water management by governments and pledging support for such efforts. During the Rio+20 UN Conference on Sustainable Development in 2012, 45 CEOs signed a communiqué calling for action by governments to ensure long-term sustainable water management while pledging to partner with governments to support robust local water governance and ensure reliable access to WASH services.

RESOURCES ON ENGAGING WITH STATE AUTHORITIES

Key resources for companies include:

- UNGC CEO Water Mandate, [Guide to Responsible Engagement in Water Policy](#)
- UN Special Rapporteur, [Realizing the Rights to Water and Sanitation: A Handbook, 2014](#)
- Shift, [Using Leverage in Business Relationships to Reduce Human Rights Risks: Workshop Report No. 4, 2013](#)
- UNGC, [Good Practice Note on Meeting the Responsibility to Respect in Situations of Conflicting Legal Requirements.](#)



ENGAGING WITH STATE AUTHORITIES

Companies have been able to engage national or local authorities on a bilateral basis to address risks to the HRWS by, for example:

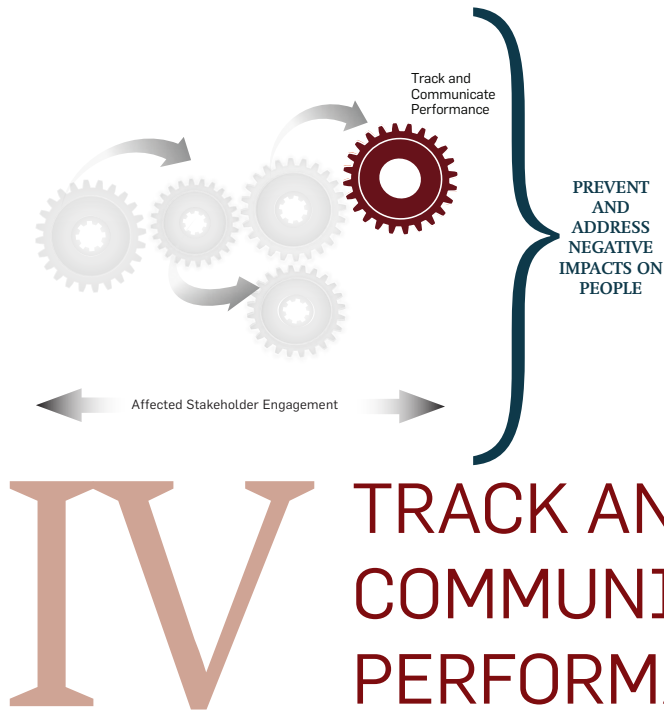
- Making the business case, such as by showing that by meeting its obligations to realize the HRWS, the state can support inward investment, local job creation, or a reduction in social conflict
- Offering expertise to help build the state's capacity for preventing or mitigating impacts on the HRWS, such as by sharing international best practice on community resettlement
- By actively supporting public policy processes that help mitigate contextual risks to the HRWS, such as a government-led process to develop a local or regional drought mitigation plan.

In other cases, companies have found that the most effective way to increase their leverage with state actors is through collaborative efforts with other stakeholders by, for example:

- Engaging through an independent public-private platform (such as the 2030 Water Resources Group) to support the development and implementation of sustainable water policies in water-stressed countries
- Engaging on a regional basis with basin-level water commissions to promote more sustainable water practices within a basin that cuts across national boundaries
- Participating in forums with a wide range of local stakeholders to collaboratively develop strategies in locations where water governance is weak or absent.

One mining company with operations in South Africa had to respond to new regulatory requirements curtailing the amount of untreated mine water that could be released into the basin. At the same time, rapid development around the mine led to increasing demand for potable water that exceeded the local supply. The company responded by working with the local government to establish a water treatment plant to treat water from its three mines, as well as a mine owned by another company located in the area, so that it met the standard for use by the local municipality.





Core Concepts

- A company needs to track its responses to impacts on the HRWS in order to evaluate whether its efforts to prevent and address negative impacts are effective.
- Tracking should be based on appropriate qualitative and quantitative indicators and should draw on internal and external feedback.
- A company should be prepared to communicate externally, particularly with affected stakeholders, its efforts to prevent and address HRWS impacts.
- A company whose operations or operating contexts pose risks of severe impacts on the HRWS should publicly report its efforts to address those risks.

Key Steps

A. Build a Systematic Approach to Tracking

1. Review existing tracking systems
2. Track efforts through business relationships
3. Develop appropriate indicators
4. Engage affected stakeholders in tracking

B. Review and Improve Communication

1. Improve communication with affected stakeholders
2. Improve formal reporting on severe impacts on the HRWS



A. Build a Systematic Approach to Tracking

1. Review Existing Tracking Systems

A company should review whether its existing systems for tracking performance provide it with the information it needs about the effectiveness of its efforts to prevent and address impacts on the HRWS, and address any gaps that may exist.

Companies with water stewardship programs should have processes in place for tracking their water-related performance, for example, with regard to water withdrawals in water-stressed areas, water intensity, and wastewater discharge. However, these processes may not capture the effectiveness of the company's responses when it comes to preventing and addressing impacts on the HRWS unless they are deliberately adjusted to do so.

POINTER ON RESPECTING THE HRWS: BUILDING ON EXISTING TRACKING SYSTEMS

There is a range of existing company tracking systems that may be relevant when it comes to impacts on the HRWS, such as:

- Health and safety performance
- Internal audit and other internal controls
- Self-assessments at the business unit or site level
- Supplier monitoring and audit results
- Compliance with government requirements, project financing terms, or reporting standards
- Reviews by third parties.

For larger companies, it will be important to track efforts to prevent and address impacts throughout the company's operations. When evaluating the effectiveness of actions to address impacts on the HRWS, the corporate or head office should ensure that aggregation of information does not mask specific impacts that may pose severe risks to people at individual sites. The use of sex-disaggregated data is also important to ensure that impacts on both women and men are identified and addressed.

RESOURCES ON EXISTING INDICATORS

Key reference points include:

-UNGC CEO Water Mandate, Corporate Water Disclosure Guidelines, 2014

-Alliance for Water Stewardship Standard

-Global Reporting Initiative, G4 Guidelines (sections on water and human rights)

-Carbon Disclosure Project

-UN Global Compact, [Human Rights COP Reporting Guidance](#), 2013

Shift, together with project partner Mazars, has been leading an open multi-stakeholder process to develop publicly available reporting and assurance frameworks aligned with the UN Guiding Principles through the [Reporting and Assurance Framework Initiative](#). The draft “UN Guiding Principles Reporting Framework” will be launched in February 2015 and may help stimulate ideas about useful indicators.

Tracking processes may be designed specifically for impacts on the HRWS, or they can be integrated into existing processes, provided they maintain a focus on risk to people. There may be some significant limitations with existing water assessment tools in this regard. For example, such tools:

- Often aggregate water data at the country level but do not reflect changes at the local level
- Illustrate conditions in a basin without offering insight into how users of a tool have or may contribute to those conditions
- Typically do not address the issue of sanitation and related social impacts
- May not explicitly consider ecosystem impacts, which can have human rights impacts.

2. Track Efforts through Business Relationships

Companies should track the effectiveness of their efforts to prevent and address impacts arising through business relationships, as well as through their own activities.

Tracking information about the effectiveness of efforts to address impacts on the HRWS through business relationships enables a company to better engage business partners and others about necessary improvements, either to prevent or mitigate impacts, or to provide remedy to affected stakeholders.



TRACKING SUPPLIER PERFORMANCE

One apparel company includes water and sanitation in its efforts to track supplier performance. When monitoring compliance with its Code of Conduct, auditors specifically review the extent to which factories have implemented processes to ensure the availability of safe drinking water and adequate sanitation facilities in the workplace (such as clean toilet facilities and hand-washing procedures). The company also tracks the extent to which suppliers evaluate risks associated with wastewater discharge and have control measures in place to mitigate any related negative impacts.

The terms of a company's contracts should set expectations with business partners about managing human rights risks, including establishing responsibility for tracking. For example, joint venture agreements can provide that monitoring of human rights impacts (as with other aspects of performance) will be carried out by the operating partner, and that the findings will be reported to all joint venture partners.

Audit protocols are a common means for companies to monitor supplier and contractor performance. However, the limitations of audits, in part due to their "snapshot" nature, are increasingly well known. Large consumer goods brands, in particular, have been moving toward more collaborative approaches to improve the tracking of supplier performance, including:

- Supporting root cause analysis by suppliers of significant impacts
- Auditing the quality of suppliers' forward-looking management systems, not only compliance with the brands' codes of conduct
- Involving affected stakeholders in participatory monitoring and verification processes
- Sharing the brand's own approaches to tracking with suppliers to help them improve their systems.

3. Develop Appropriate Indicators

A company will need both quantitative and qualitative indicators to adequately track and interpret information about its efforts to respect the HRWS.

Typically, quantitative metrics in the water stewardship space have focused on a company's total water use, discharge, efficiency, and/or recycling. However, such indicators alone are unlikely to capture a company's efforts to manage its impacts on the HRWS, which will be highly contextual.

Qualitative indicators are often essential for accurately interpreting quantitative data on human rights impacts. For example, a relatively low number of pollution complaints from a local community in the vicinity of a company plant may reflect the fact that a company's efforts to contain harmful effluent from a facility are effective; alternatively, the lack of complaints may be driven by the fact that there is no company grievance mechanism that stakeholders trust sufficiently to report such concerns. Both quantitative (number of complaints) and qualitative (community perceptions of the effectiveness of the company's grievance mechanism) indicators are necessary to interpret the situation.

4. Engage Affected Stakeholders in Tracking

Tracking processes should take account of affected stakeholder perceptions of the company's performance, not only the company's own assessment of the effectiveness of its efforts.

Engaging external stakeholders is important to ensure that the company is accurately capturing the effectiveness of its efforts to prevent and address impacts on the HRWS. There are a range of ways in which companies have sought to engage stakeholders in such efforts, a number of which are highlighted in the Box on page 76.



ENGAGING STAKEHOLDERS IN TRACKING

Companies have engaged stakeholders in tracking in different ways by, for example:

- Setting up joint fact-finding or water quality monitoring programs with independent experts, civil society representatives, or local community members, as a number of leading mining companies have done at specific sites
- Forming an advisory panel that may consist of human rights and/or water experts, trade union and community representatives, or others to provide periodic, formal reviews of the company's performance
- Working with a credible multi-stakeholder initiative in monitoring or verification processes
- Where there is a history of distrust with affected stakeholders, identifying a third party that all sides will trust to provide accurate assessments of the company's efforts to address its impacts.

A mining company uses a participatory environmental monitoring program for many of its sites. Although the program covers a number of environmental issues, the company reports that community members are generally most interested in water impacts. At a proposed mine site in East-Central Asia, the company conducts joint monitoring with local herders for over 400 water wells and bores. The company is able to directly engage with stakeholders in tracking the effectiveness of its actions, while also establishing baseline data on groundwater levels and other relevant factors. The company then compares the results from the participatory community monitoring process with its own audits.



B. Review and Improve Communication

1. Improve Communication with Affected Stakeholders

A company should be prepared to communicate with affected stakeholders about its efforts to address negative impacts on the HRWS.

The purpose of communicating is to share information with various stakeholders about a company's efforts to address impacts on the HRWS. This purpose can be undermined if a company focuses solely on its successes or "good news stories." Where there is a history of distrust between the company and affected stakeholders, or a heightened risk of severe negative impacts on the HRWS, a company will need to be even more transparent about efforts to prevent and address impacts.

Relevant audiences to communicate with can include:

- Affected stakeholders or their representatives, including the company's own employees and contract workers, local communities, members of potentially vulnerable or marginalized groups, and workers in the company's supply chain
- Credible proxies for affected stakeholders, such as international trade union representatives, local NGOs, or others who know the groups concerned, their interests and concerns, and can bring those perspectives to the table
- Broader stakeholder groups such as investors and international NGOs.



COMMUNICATING WITH AFFECTED STAKEHOLDERS

The UN Guiding Principles make clear that companies need to be prepared to communicate with affected stakeholders about developments that directly affect them, particularly where those stakeholders may be at immediate risk of harm. Relevant information might relate to water use or discharges, facility health and safety performance that affects workers, new site operations or land acquisitions, or proposed responses to complaints of negative impacts. Community meetings, publication of information through local radio or other media channels in local languages, and targeted outreach through representatives of the local workforce or community can all be important means of communicating with affected stakeholders.

Companies need to pay particular attention to reaching stakeholders that need to be informed but who may not typically be engaged in such conversations, for example, women where male heads of household typically participate in conversations with the company, or migrant workers who are a minority within the workforce and speak a different language.

2. Improve Formal Reporting on Severe Impacts on the HRWS

Where a company's operations or operating contexts pose severe risks to the HRWS, it should publicly report on how it is preventing and addressing these risks.

Companies with water stewardship programs will be more familiar with formal reporting on their efforts. For example, CEO Water Mandate endorsers commit to report on their actions and investments related to the HRWS in their annual Communication on Progress to the UN Global Compact. These companies also commit to publish and share their water strategies, targets, results, and areas of improvement in relevant corporate or site-level reports.

Water stewardship reporting has begun to incorporate information related to impacts occurring in the value chain. For example, the CEO Water Mandate's *Corporate Water Disclosure Guidelines* suggest that company reports on efforts to respect the HRWS should include information such as:

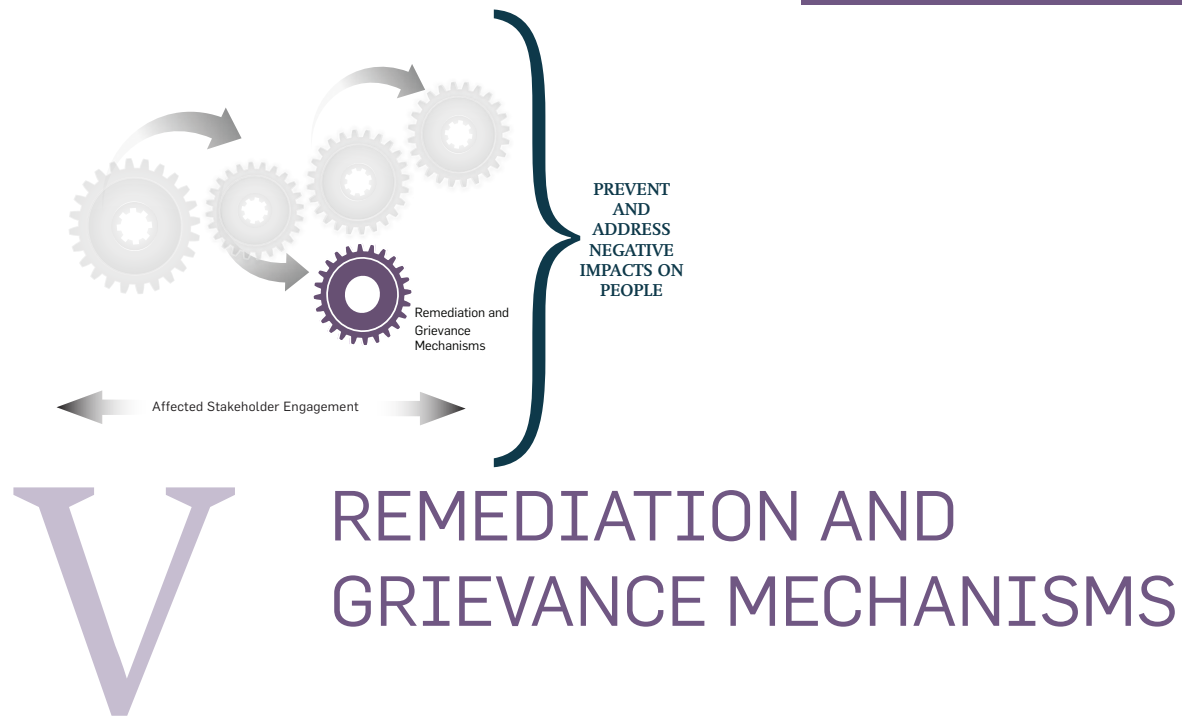
- Descriptions of the company's policies and processes that address human rights risks and impacts on the HRWS specifically
- Explanations of the company's key business relationships and how the company addresses risks to the HRWS arising from these relationships
- Information on any severe impacts on the HRWS with which the business has been involved and how they have been addressed, as well as any lessons learned.



IMPROVE FORMAL REPORTING ON SEVERE HRWS IMPACTS

It can be challenging to report on certain HRWS impacts, particularly those that relate to ongoing investigations or that are seen to pose risks to the business. The UN Guiding Principles recognize that there will be some situations where formal reporting is not appropriate, for example, where peoples' safety would be put at risk as a result, or due to the legitimate demands of commercial confidentiality (which would typically include information that is crucial to negotiations regarding a significant business transaction for the duration of those negotiations, or information legally protected against disclosure to third parties). However, in many instances, stakeholders will be aware of negative impacts on the HRWS, and their confidence in a company is likely to be increased if the company formally communicates about its efforts to address those impacts.

For example, a company in the food and beverage industry was required to report on its human rights due diligence regarding its entry into Myanmar under US State Department Reporting Guidelines. The company identified potential impacts on the HRWS through its risk assessment, which it set out in the report, including: a lack of access to potable water for workers, lack of wastewater treatment at facilities, reliance on extracted groundwater at one plant that is near a village which also depends on groundwater for domestic and livelihood use, and potential competition with other factories that use the same well at another plant's location. In a subsequent report under the same Guidelines, the company disclosed actions taken to address these risks, some of which were still in process. These actions included: creating expanded access to potable water for workers by installing more water stations, upgrading wastewater treatment stations at both plants, and conducting assessments of local water sources. The company's reporting has drawn positive comments from NGOs that actively monitor business investment in Myanmar and are typically critical of companies failing to consider the human rights risks involved in entering the country.



Core Concepts

- Despite a company’s best efforts, negative impacts on the HRWS may still occur. Where a company identifies that it has caused or contributed to such impacts, it should provide for or cooperate in their remediation through legitimate processes, including state-based judicial and nonjudicial mechanisms.
- Companies should establish or participate in effective operational-level grievance mechanisms. These can help ensure that grievances can be addressed early and remediated directly. Such mechanisms should not undermine legitimate judicial or trade union processes.

Key Steps

A. Establish Appropriate Processes to Provide Remedy

1. Understand the responsibility to remediate negative impacts
2. Map existing external grievance mechanisms and their effectiveness

B. Design Effective Operational-Level Grievance Mechanisms

1. Understand what makes a grievance mechanism effective
2. Review and build on existing internal grievance mechanisms
3. Define the scope of the grievance mechanism

KEY TERMS: REMIEDIATION AND REMEDY

Remediation is the process of providing a remedy for a harm.

Remedy can take a variety of different forms, including apologies, restitution, rehabilitation, financial and non-financial compensation, and punitive sanctions (whether criminal or administrative), as well as the prevention of harm through injunctions or guarantees of non-repetition. Whereas some forms of remedy are more likely in a judicial mechanism, many are possible through non-judicial processes as well.

A legitimate process is one that provides a fair and independent process, is accountable, and produces outcomes that are consistent with human rights.



A. Establish Appropriate Processes to Provide Remedy

1. Understand the Responsibility to Remediate Negative Impacts

Where a company causes or contributes to an HRWS impact, it should provide for or cooperate in legitimate processes to remedy that harm.

A company can cooperate in the provision of remedy to someone who has been harmed through judicial or non-judicial processes that are generally considered to be legitimate. In some cases, remedy may be provided through an operational-level grievance mechanism provided by the company itself, which should meet the effectiveness criteria set out in the UN Guiding Principles (see Step B below).

A company is entitled to contest claims it believes are unfounded or inaccurate. However, a company should always avoid obstructing legitimate processes to investigate and adjudicate claims by stakeholders.

Companies do not have to remediate impacts on the HRWS that they have neither caused nor contributed to. In such situations, it is the responsibility of the party that caused or contributed to the impacts to remediate them.



UNDERSTAND THE RESPONSIBILITY TO REMEDIATE

A company in the food and beverage industry operating in the United States was found by the local authority to have caused groundwater contamination in an area. This resulted from chemical nutrients and cleaning agents present in wastewater that was sprayed on fields near its plant. The company ceased the spraying and built a new water reclamation plant to clean wastewater to meet potable water standards. Because it caused the negative impacts, the company was responsible for providing remedy to affected stakeholders and mitigating any risk of the harm continuing. The company paid a fine to the government and worked with the state authority to remediate the water source. It also supplied bottled water to local residents whose water was unsafe to drink or otherwise use.



THE RELEVANCE OF EXISTING EXTERNAL GRIEVANCE MECHANISMS

A range of external grievance mechanisms may provide avenues for complaints about impacts on the HRWS. Affected stakeholders should always have access to judicial mechanisms provided by the state. Additional mechanisms may be available where:

- A national human rights institution handles complaints regarding alleged company impacts on human rights, including the HRWS
- An environmental protection or similar agency has a mandate to receive water-related complaints
- A multi-stakeholder water governance body, such as a local water resource user association, provides a formal channel for registering complaints
- The project is supported by an international or regional financial institution that has its own independent complaints system (like the International Finance Corporation the European Investment Bank)
- The company or site is based in an OECD country that has a state-based National Contact Point that deals with alleged breaches of the OECD Guidelines for Multinational Enterprises (which align with the expectations of the UN Guiding Principles).

For more examples, see the UN Special Rapporteur's *Realizing the Rights to Water and Sanitation: A Handbook*, which includes discussion of remedy and grievance mechanisms.

KEY TERM: GRIEVANCE MECHANISM

A **grievance mechanism** is a formal channel for individuals or groups to raise concerns about and seek remedy for impacts a company has had on them, including on their human rights. It may be state-based (such as judicial processes or labor tribunals) or not state-based (such as the mechanisms established by some international financial organizations or by the UN or regional organizations).

2. Map Existing External Grievance Mechanisms and Assess their Effectiveness

A company should map the existing external grievance mechanisms that exist and assess their effectiveness in order to understand the implications for its own processes for providing remedy to affected stakeholders.

The state duty to protect human rights includes ensuring that individuals are able to access effective remedy when they are harmed. Where states have robust grievance mechanisms in place, a company should be able to rely on them in meeting its own responsibility to respect the HRWS.

First, a company needs to understand what state-based and other external grievance mechanisms exist in each of the contexts where it operates, and how effective they are seen to be in practice. For example, if courts are generally viewed as corrupt or heavily overloaded, or if administrative bodies like environmental protection agencies are physically remote from a site or lack the technical capacity to assess water-related impacts, this will make it much harder for any stakeholders who are negatively impacted to access effective remedy.

Local communities, including indigenous communities, may have their own traditional ways of resolving grievances that can inform a company’s understanding of how remedy is viewed in the local culture. From a human rights perspective, it is important to consider whether such processes exclude or otherwise fail to accommodate the needs of potentially vulnerable or disenfranchised members of the community (such as women or children), who may experience impacts on the HRWS and other human rights more severely.

Company mechanisms should not in any way prevent access to state-based mechanisms, including courts. In some contexts, a company may find it useful to build direct recourse to state-based grievance mechanisms (like a National Human Rights Institution) into its own processes. In the case of cumulative impacts on the HRWS, a company typically will have to work with state-based mechanisms to provide remedy to affected stakeholders, since only the state can authoritatively apportion responsibility for remediation among different actors.

B. Design Effective Operational-Level Grievance Mechanisms

1. Understand what makes a Grievance Mechanism Effective

To be effective in practice, a grievance mechanism needs to be trusted by those for whose use it is intended. This means that a company should design any operational-level grievance mechanisms with key “effectiveness criteria” in mind.

The UN Guiding Principles reflect extensive consultation about what makes an operational-level grievance mechanism effective in practice. This is summarized in a set of effectiveness criteria. Such mechanisms should provide:

- **Clarity** on who can use them, how they can be accessed, and what kind of process they offer
- **Access points** (usually more than one) that the users trust and are able to use without barriers or fear of retaliation
- The ability for complainants to have **independent support** and advice during the complaint process, if needed
- **Good communication** with the complainant on the progress in handling their complaint
- **Engagement** with the complainant to understand fully their concerns and discuss proposed solutions
- Care to ensure that **outcomes are aligned with human rights standards**
- A means for the company to **learn any lessons raised** by the complaint and adjust policies or processes as a result.

2. Review and Build on Existing Internal Grievance Mechanisms

A company should review existing internal mechanisms that may be able to address human rights–related grievances to determine whether they are appropriate for handling complaints about HRWS impacts, and address any gaps that may exist.

Before designing a new grievance mechanism, companies should map existing internal processes for receiving and addressing complaints. For example, for human rights complaints in the workplace, including in relation to the HRWS, trade unions should provide processes for resolving disputes and enabling remedy.

Mapping internal mechanisms can help identify whether there are types of impacts (e.g., related to the HRWS) that are not adequately addressed, or categories of stakeholders that may be prevented or feel inhibited from raising complaints (e.g., where there are cultural norms against women speaking up). The company can then consider what changes could help address these gaps, in line with the above effectiveness criteria.

Operational-level grievance mechanisms should not preclude access to judicial or other state-based processes, nor undermine the role of legitimate trade unions.



BUILDING ON EXISTING INTERNAL GRIEVANCE MECHANISMS

A company may have one or more of the following mechanisms in place to build on:

- A whistle-blower or ethics hotline
- Employee ombudsman or human resources complaints processes
- Consumer complaints mechanisms
- Community-facing grievance mechanisms
- Business-to-business contract clauses with dispute resolution provisions
- Code of Conduct requirements and monitoring mechanisms for suppliers
- Audit processes involving worker interviews
- Supply chain hotlines
- Ongoing stakeholder engagement processes.

A mining company requires a formal grievance mechanism to be in place at all of its sites, informed by the effectiveness criteria in the UN Guiding Principles. At some sites, the company has found that workers or community members are more comfortable raising concerns informally, so the company also ensures direct access to community relations officers at every site, and holds informal community meetings. The company reports that water issues come up frequently, typically relating to water use or availability in the area around the mine site. Concerns raised during these engagement processes are internally labeled as “complaints” or “disputes” to ensure that the company handles and tracks them appropriately.

For other examples of how companies are designing effective mechanisms, see *Shift, Remediation, Grievance Mechanisms and the Corporate Responsibility to Respect Human Rights, 2014*.



3. Define the Scope of the Mechanism

A company should clearly define what complaints the mechanism will receive, from which stakeholders, and who will be involved in addressing them.

A company may have separate grievance mechanisms for workers and for external stakeholders, or it may have a combined mechanism or access point that can receive complaints from staff, its own contract workers, local community members, as well as suppliers and contractors and their staff. Complaints may then be allocated for handling through different internal processes.

It can be counterproductive to limit a grievance mechanism to receive complaints only related to the HRWS or those claiming that particular laws or company policies have been breached. Such an approach risks missing other human rights impacts that are related to the HRWS, as well as concerns that may not yet amount to impacts on the HRWS but could well escalate into such impacts.



DEFINE THE SCOPE OF THE MECHANISM

A chemicals company has grievance mechanisms in place to ensure different stakeholders can register concerns through various channels. The company holds monthly meetings for on-site personnel where they can raise complaints related to the company's operations. These meetings are formally organized by the site manager and include various decision-makers who can help develop responses to address complaints, such as members of the management team, CSR department, and environment safety and health units. The company also has formal mechanisms that local community members can use to register complaints. When it receives a complaint, the company categorizes it as major or minor and evaluates what mitigation steps it might take, distinguishing between "simple fixes" and more significant remedial action that might involve capital investment. This information is then communicated back to stakeholders. For example, community members in one location in India raised concerns about water availability. The company identified a mitigation approach to address these concerns that involved switching to seawater to reduce withdrawals of groundwater.

POINTER ON RESPECTING THE HRWS: WHAT IS THE RELATIONSHIP BETWEEN STAKEHOLDER ENGAGEMENT AND GRIEVANCE MECHANISMS?

There are important links between meaningful stakeholder engagement and effective grievance mechanisms. First, the intended users of a grievance mechanism, whether they are workers or community members, need to have a basic level of trust in the company if they are going to have confidence in the mechanism. Strong stakeholder engagement can be important in building such trust. Ideally, the design of a grievance mechanism should reflect consultation with those for whose use it is intended so that it is most likely to respond to their needs and concerns.

Second, many issues that might be raised through a grievance mechanism may be more appropriately dealt with through effective stakeholder engagement. Company experience shows that if only a grievance process is provided, then all issues between a company and its stakeholders will be framed as grievances, because of the absence of other platforms to discuss and address issues. Conversely, it is risky to assume that stakeholder engagement covers the role performed by a grievance mechanism, since it generally reaches groups but can miss the perspective of individuals that have been harmed.

Third, stakeholder engagement is essential in evaluating follow-up on specific grievances that have been addressed through the mechanism, in order to ensure that the agreed remedy has truly addressed the impacts on the HRWS and any related human rights.

PART 4: USEFUL RESOURCES



PART 4: USEFUL RESOURCES

I. DIAGNOSTIC QUESTIONS

These questions are intended to help users of the Guidance evaluate a company's progress in implementing the key steps in Part 3. They may be particularly helpful when read together with the Quick Guide at the start of the Guidance.

PART 3.I. Develop a Policy Commitment and Embed Respect for the HRWS

- Has the company identified water as a leading human rights risk? If so, does it have or is it developing a specific policy commitment on the HRWS?
- Have staff with responsibility for preventing and addressing impacts on the HRWS engaged key internal colleagues, specifically impact owners, in the development of the policy? If so, how?
- Have key stakeholders been engaged in the development of the policy? If so, how?
- How does the company ensure the cross-functional coordination that is needed to implement the policy commitment in practice?
- How does the company make clear its expectations of staff?
- How does the company make clear its expectations of business partners and other entities with which it has business relationships?

PART 3.II. Assess Impacts on the HRWS

- Does the company consider all relevant activities and affected stakeholder groups in assessing actual and potential impacts on the HRWS?
- Do the company's assessment processes consider all three possible ways in which the company may be involved in a negative impact on the HRWS — cause, contribution, and linkage?
- Do the company's assessment processes consider all relevant types of business relationships — including suppliers, contractors, customers, joint venture partners, government entities?

- Where the company needs to prioritize business relationships for assessment, what criteria does it use to do so?
- Are affected stakeholders engaged as part of the company's assessment processes? If so, how? If direct engagement does not occur, how are their perspectives otherwise taken into account during the process?
- How does the company evaluate the severity and likelihood of negative impacts on the HRWS?
- Where necessary, how are negative impacts on the HRWS prioritized for attention?
- Do the company's assessment systems identify risks to the HRWS early enough and at key moments during an activity or business relationship? What triggers an assessment?
- Do the company's assessment systems adequately identify cumulative impacts on the HRWS?

PART 3.III. Integrate and Take Action on Impacts on the HRWS

- Does the company evaluate how it is involved with a negative impact on the HRWS — whether it caused, contributed to, or directly linked to the impact — when deciding what action to take?
- What kinds of actions might or does the company take in response to a negative impact on the HRWS? Does it engage with affected stakeholders as part of taking action?
- What kinds of steps does the company take to build leverage to prevent and address negative impacts on the HRWS arising through its business relationships — including through traditional commercial leverage, broader business leverage, leverage with business partners, or leverage through bilateral engagements or multi-stakeholder collaborations?
- What steps does the company take to prevent and address negative impacts on the HRWS in the supply chain?
- How does the company engage with state authorities to prevent and address negative impacts on the HRWS?

PART 3.IV. Track and Communicate Performance

- How does the company track the effectiveness of its efforts to prevent and address negative impacts on the HRWS?
- Does it track the effectiveness of its efforts through business relationships? If so, how?
- What quantitative and qualitative indicators does the company use in tracking its performance?
- Are affected stakeholders engaged in the tracking process? If so, how? If direct engagement does not occur, how are their perspectives otherwise taken into account during the process?
- At what moments and through what means does the company communicate with affected stakeholders about its efforts to prevent and address negative impacts on the HRWS? How does the company know whether or not it is effectively reaching those who need to be informed?
- Does the company report publicly on its efforts where its operations pose severe risks to the HRWS? How does it know whether or not this information is meaningful for the stakeholders who read it?

PART 3.V. Remediation and Grievance Mechanisms

- Where the company causes or contributes to negative impacts on the HRWS, does it provide remedy or cooperate in the provision of remedy to those who have been harmed?
- Has the company mapped the environment of external grievance mechanisms in its key operating contexts? If so, how is this information factored into its own approaches to providing remedy to affected stakeholders?
- Has the company reviewed its existing internal processes for providing remedy for negative human rights impacts to determine whether they can provide remedy for negative impacts on the HRWS?
- Do affected stakeholders have access to an operational-level grievance mechanism for addressing complaints about actual and potential impacts on the HRWS?
- How does the company know whether or not its grievance mechanism(s) are effective in practice?

II. KEY RESOURCES

Resources on Human Rights Standards and Instruments Related to the Human Rights to Water and Sanitation

International Human Rights and other Conventions:

- [Universal Declaration of Human Rights, 1948](#)
- [International Covenant on Civil and Political Rights, 1966](#)
- [International Covenant on Economic, Social and Cultural Rights, 1966](#)
- [International Convention on the Elimination of All Forms of Racial Discrimination, 1966](#)
- [Convention on the Elimination of All Forms of Discrimination against Women, 1979](#)
- [Convention on the Rights of the Child, 1989](#)
- [Convention on the Rights of Persons with Disabilities, 2006](#)
- [International Convention on the Protection of Rights of all Migrant Workers and Members of their Families, 1990](#)
- [Declaration on the Rights of Indigenous People, 2007](#)
- [Convention on the Law of Non-Navigational Uses of International Watercourses, 1997](#)
- [UNECE Convention on the Protection and Use of Trans-Boundary Watercourses and International Lakes, 1992.](#)

UN Resolutions:

- [General Assembly Resolution 54/175 on the Right to Development, A/RES/54/175, 17 December 1999](#)
- [General Assembly Resolution 55/2 on Millennium Declaration Resolution, A/RES/55/2, 8 September 2000](#)
- [General Assembly Resolution 58/217 on the International Decade for Action, “Water for Life”, 2005–2015, A/RES/58/217, 23 December 2003](#)
- [General Assembly Resolution 59/228 on Activities undertaken during the International Year of Freshwater 2003, preparations for the International Decade for Action, “Water for Life,” 2005–2015, and further efforts to achieve the sustainable development of water resource, A/RES/59/228, 22 December 2004](#)
- [General Assembly Resolution 61/192 on International Year of Sanitation, A/RES/61/192, 20 December 2006](#)
- [Human Rights Council Resolution 12/8, Human rights and access to safe drinking water and sanitation A/HRC/12/50, 1 October 2009](#)
- [Human Rights Council Resolution 64/198 on the Midterm comprehensive review of the implementation of the International Decade for Action, “Water for Life,” 2005–2015, A/RES/64/198, 21 December 2009](#)

- General Assembly Resolution 64/292 on Human rights and access to safe drinking water and sanitation, A/RES/64/292, 28 July 2010
- Human Rights Council Resolution on Human rights and access to safe drinking water and sanitation, A/HRC/15/L.14, 24 September 2010.

Reports and other documents from UN Human Rights Treaty Bodies, Expert Procedures, etc.:

- Committee on Economic, Social and Cultural Rights, General Comment No. 19 (2008) on the right to social security, E/C.12/C/19, 4 February 2008
- Committee on Economic, Social and Cultural Rights, Reports on the Twenty-Eight and Twenty-Ninth Sessions, E/2003/22; E/C.12/2002/13, 29 April to 17 May 2002, 11–29 November 2002
- Commission on Human Rights, Sub-Commission on the Promotion and Protection of Human Rights, The relationship between the enjoyment of economic, social and cultural rights and the promotion of the realization of the right to drinking water supply and sanitation: Preliminary Report by Mr. Hadji Guissé, E/CN.4/Sub.2/2002/10, 25 June 2002
- Report of the Independent Expert on the issue of human rights obligations related to access to safe drinking water and sanitation on Human Rights Obligations Related to Access to Sanitation, A/HRC/12/24, 1 July 2009
- Report by the Independent Expert on the issue of human rights obligations related to access to safe drinking water and sanitation on Human Rights Obligations related to Non-State Service Provision in Water and Sanitation, A/HRC/15/31, 29 June 2010
- Report of the United Nations High Commissioner for Human Rights on the scope and content of the relevant human rights obligations related to equitable access to safe drinking water and sanitation under international human rights instruments, A/HRC/6/3, 16 August 2007.

A complete list of International and National Sources on the Human Rights to Water and Sanitation can be found in Appendix B and C of [Bringing a Human Rights Lens to Corporate Water Stewardship: Results of Initial Research](#).

Guidance Documents and Resources on the Human Rights to Water and Sanitation:

- CEO Water Mandate, [Exploring the Business Case for Corporate Action on Sanitation: White Paper](#)
- [Information Portal on the Human Rights to Water and Sanitation](#)
- UN Special Rapporteur, [Realizing the Human Rights to Water and Sanitation: A Handbook](#)
- Winkler, Inga, [The Human Right to Water: Significance, Legal Status, and Implications for Water allocation](#)
- WASH United, [The Human Rights to Water and Sanitation](#)
- World Business Council for Sustainable Development, [Pledge for access to safe water, sanitation and hygiene at the workplace](#) (hyperlink clause starting with Pledge): <http://www.wbcsd.org/washatworkplace.aspx>

Resources on Business and Human Rights and Corporate Water Stewardship

UN Guiding Principles and Implementation:

- United Nations Human Rights Council, [Protect, Respect, and Remedy Framework](#)
- United Nations Office of the High Commission on Human Rights, [Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework](#)
- United Nations Office of the High Commissioner on Human Rights, [Corporate Responsibility to Respect Human Rights: An Interpretive Guide](#)
- United Nations Office of the High Commission on Human Rights/UN Global Compact, [Business and Human Rights Learning Tool](#)

Corporate Water Stewardship:

- Beverage Industry Environmental Roundtable, [Practical Perspective on Managing Water-Related Business Risk and Opportunities in the Beverage Sector](#)
- [Alliance for Water Stewardship Standard](#)
- ICM, Practical Guide to Catchment Based Water Management for the Mining Sector (Forthcoming)

Resources for Specific Sections of the Guidance

Develop a Policy Commitment and Embed Respect for the HRWS:

- Shift, [Embedding the Corporate Responsibility to Respect Human Rights within Corporate Culture](#)
- Shift, [Organizing the Human Rights Function within a Company](#)
- UN Global Compact, [A Guide for Business: How to Develop a Human Rights Policy](#)

Assess Impacts on the HRWS:

- Danish Institute for Human Rights, [Human Rights and Impact Assessment – Conceptual and Practical Considerations in the Private Sector Context](#)
- Shift, [Business and Human Rights Impacts: Identifying and Prioritizing Human Rights Risks](#)

Cumulative Impacts

- International Finance Corporation, [Good Practice Guidance on Cumulative Impact Assessment and management: Guidance for the Private Sector in Emerging Markets](#)
- UN Global Compact and Maplecroft, [Human Rights and Business Dilemmas Forum, Cumulative Human Rights Impacts](#)
- UN Global Compact, [Webinar on Cumulative Impacts on Human Rights](#)

Related Industry Guidance

- Centre for Social Responsibility and Mining, [Social Water Assessment Protocol: A Step Towards Connecting Mining, Water, and Human Rights](#)

Supply Chain Resources

- Shift, [From Audit to Innovation: Advancing Human Rights in Global -Supply Chains](#)
- Shift, [Respecting Human Rights Through Global Supply Chains: Shift Workshop Report 2](#)
- UN Global Compact, [Supply Chain Sustainability: A Practical Guide for Continuous Improvement](#)
- UN Global Compact and Business for Social Responsibility, [A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains](#)

Water Risks Assessment Tools

- CEO Water Mandate, [Corporate Water Accounting](#)
- Ceres, [Aqua Gauge](#)
- Global Environmental Management Initiative, [Local Water Tool and GEMI Water Sustainability Tool](#)
- [Life Cycle Assessments](#)
- World Business Council for Sustainable Development, [Global Water Tool](#)
- Water Footprint Network, [Water Footprint and Assessment Tool](#)
- World Resource Institute, [Aqueduct](#)
- WWF/DEG, [Water Risk Filter](#)

Integrate and Take Action on Impacts on the HRWS:

- International Council on Mining & Metals, [Integrating Human Rights in Corporate Risk Management Systems](#)
- Institute for Human Rights and Business & Global Business Initiative on Human Rights, [State of Play: The Corporate Responsibility to Respect in Business Relationships](#)

Conflicting Standards

- UN Global Compact, [Meeting the Responsibility to Respect in Situations of Conflicting Legal Requirements](#)

Leverage

- Shift, [Using Leverage in Business Relationships to Reduce Human Rights Risks: Workshop Report No. 4](#)

Responsible Engagement in Water Policy

- CEO Water Mandate, [Guide to Responsible Business Engagement in Water Policy](#)
- CEO Water Mandate, [Integrity in Water Stewardship Initiatives \(Forthcoming\)](#)

Track Performance:

- [Alliance for Water Stewardship Standard](#)
- [CDP, Water Questionnaire](#)
- [CEO Water Mandate, Water Disclosure Guidelines](#)
- [Danish Institute for Human Rights and Business , AAAQ And the Right to Water: Contextualizing Indicators for Availability, Accessibility, Acceptability, and Quality](#)
- [Global Reporting Initiative \(GRI\), G4 Guidelines](#)

Communication and Disclosure:

- [CEO Water Mandate, Water Disclosure Guidelines](#)
- [CDP, Water Questionnaire](#)
- [Global Reporting Initiative \(GRI\), G4 Guidelines](#)
- [Shift, Evidence of Corporate Disclosure Relevant to the UNGPs on Business and Human Rights](#)

Remediation and Grievance Mechanisms:

- [International Finance Corporation, Good Practice Note: Address Grievances from Project-Affected Communities](#)
- [Shift, Dispute or Dialogue? Community Perspective on company-led grievance mechanisms](#)
- [Shift, Remediation, Grievance Mechanisms and the Corporate Responsibility to Respect Human Rights](#)

Stakeholder Engagement:

- [Access, Corporate-Community Dialogue: An Introduction](#)
- [Access, Making Monkey Business: Building Company/Community Dialogue in the Philippines](#)
- [Access, Putting Ourselves in Their Shoes: The Dialogue Table of Tintaya](#)
- [Access, “The Only Government We See: Building Company/Community Dialogue in Nigeria](#)
- [International Council on Mining and Metals, Community Development Toolkit](#)
- [Shift, Bringing a Human Rights Lens to Stakeholder Engagement](#)
- [Realizing the Human Rights to Water and Sanitation: A Handbook by the UN Special Rapporteur Catarina de Albuquerque: Principles \(Elements of participation and checklist found on pages 57 and 68\)](#)
- [UN Special Rapporteur on Access to Water and Sanitation, Note on Public Participation: Human Right to Safe drinking Water and Sanitation](#)

III. DESCRIPTION OF PROJECT METHODOLOGY

The development of this guidance proceeded in two phases and involved extensive research and multi-stakeholder consultations.

Over the course of the process, the project team undertook desk-based research, held over 50 multi-stakeholder interviews, convened roundtable discussions in Lima and Stockholm, and held a web-based public consultation period. Interviews were held with over 20 companies representing 8 sectors (food and beverage, extractives, ICT, agriculture, apparel, automotive, chemicals, and consumer products), as well as representatives from international and national NGOs, socially responsible and faith-based investors, civil society organizations, and affected communities in developing regions.

The project team also regularly consulted with the CEO Water Mandate’s Human Rights Working Group (HRWG) — comprised of representatives from many Mandate-endorsing companies — as well as with a group of technical experts, representing civil society, academia, and UN agencies with expertise on the issue of business and the rights to water and sanitation. (A list of participants in both groups is included in Tables 7 and 8.)

The first phase of this project involved developing a baseline understanding of community expectations of companies with regard to respecting the HRWS, understanding the evolving legal landscape at the national level with regard to the HRWS, and an initial examination of how the UN Guiding Principles apply to existing corporate water stewardship efforts. This phase resulted in the report entitled Bringing a Human Rights Lens to Corporate Water Stewardship: Results of Initial Research.

The second phase of the project focused on developing this guidance for companies to implement their responsibility to respect the HRWS.

TABLE 7: CEO WATER MANDATE HUMAN RIGHTS WORKING GROUP MEMBERS

Name	Company
Bennett Freeman	Calvert
Ellen Kennedy	Calvert
Denise Knight	The Coca-Cola Company
Greg Koch	The Coca-Cola Company
Patti Wicken	DeBeers Group
Elsa Favrot	GDF Suez
Felix Ockborn	H&M
Michael Kobori	Levi Strauss & Co
Anna Walker	Levi Strauss & Co
Stephanie Kotin	Levi Strauss & Co
Michael Glade	Molson Coors
Emilio Tenuta	Nalco
Christian Frutiger	Nestlé

Carlo Galli	Nestlé
Naty Barak	Netafim
Chris Brown	Olam
Dan Bena	PepsiCo
Kevin Agnew	Reed Elsevier
David Grant	SAB Miller
Andy Wales	SAB Miller
Martin Ginster	Sasol
Juan Gonzalez-Valero	Syngenta
Priya Sharma	Tata Steel
Troy Jones	Teck
Yapo Alle-Ando	Teck

TABLE 8: TECHNICAL EXPERT GROUP MEMBERS

Name	Organization
Jack Moss	Aquafed
Lovleen Bhullar	Environmental Law Research Society
Inga Winkler	German Institute for Human Rights
David Schilling	Interfaith Center for Corporate Responsibility
Patricia Jones	Unitarian Universalist Service Committee
Sumi Dhanarajan	Doctoral Candidate, National University of Singapore School of Law
Christina C. Herman	Missionary Oblates of Mary Immaculate
Lene Wendland	Office of the UN High Commissioner for Human Rights
Ursula Wynhoven	UN Global Compact Office
Shubha Chandra	UN Global Compact Office
Michelle Lau	UN Global Compact Office
John Oldfield	WASH Advocates
Ben Mann	WASH Advocates
Hannah Neumeyer	WASH-United

IV. GLOSSARY OF KEY TERMS

Affected stakeholder: Those individuals whose human rights are or may be affected by a company's operations, products, or services. See also "stakeholder."

Assessing impacts: The first of the four stages of human rights due diligence, undertaken in order to identify and assess any negative impacts on human rights with which a company may be involved. This includes both actual impacts (past or current) and potential impacts, and impacts that occur through the company's own activities and through its business relationships.

Business relationships: Relationships a company has with business partners, entities in its value chain, and any other entity (state or non-state) directly linked to its operations, products or services. They include indirect business relationships in the value chain, beyond the first tier, and minority and majority shareholding positions in joint ventures.

Cause: When a negative impact results solely and directly from a company's own decisions or actions. "Solely" means that a company's decision or action could create this impact on its own. "Directly" means that there is no intermediate decision or action by another party between the company's role and the impact itself. It is important to note that it does not matter whether the company intended to cause the harm, nor whether the harm was foreseeable.

Collective action: Coordinated engagement among interested parties within an agreed-upon process in support of common objective.

Communicating human rights performance: In the context of the corporate responsibility to respect human rights, communicating is the set of processes through which companies are able to account externally for how they address their actual and potential human rights impacts. This is particularly important when concerns are raised by or on behalf of affected stakeholders. Communication needs to be appropriate to the company's impacts in terms of its form, frequency, accessibility, and the adequacy of information provided. Where companies have severe human rights risks or impacts, they should publicly report on how they address them.

Contribute: Situations where companies facilitate, encourage, or incentivize a third party to cause a negative impact, or where a company's contribution to a negative impact occurs in parallel with one or more other parties' contributions, leading to a cumulative impact.

Corporate water stewardship: Water use that is socially equitable, environmental sustainable, and economically beneficial, achieved through a stakeholder-inclusive process that involves site- and catchment-level actions. It involves organizations taking shared responsibility to pursue meaningful individual and collective actions that benefit people and nature.

Cross-functional collaboration: Bringing together different departments within the company to create shared responsibility for, and leadership on, a particular issue.

Cumulative impact: Where a company's activities, which by themselves may not result in a negative human

rights impact, in combination with the activities of one or more other parties lead to a negative impact.

Effluent: A subset of discharge, effluent is the wastewater (treated or untreated) from a production process that is discharged.

Embedding: The macro-level process of ensuring that the company's responsibility to respect human rights is driven across the organization and into its business values and culture. It requires that all personnel are aware of the enterprise's human rights commitment, understand its implications for how they conduct their work, are trained, empowered, and incentivized to act in ways that support the commitment, and regard it as intrinsic to the core values of the workplace. Embedding is one continual process, generally driven from the top of the company.

Environmental flows: The quantity, quality, and timing of water required to sustain freshwater and estuarine ecosystems and the human livelihoods and well-being that depend on these ecosystems.

Grievance mechanism: A formal channel for individuals or groups to raise concerns about and seek remedy for impacts a company has had on them, including on their human rights. It may be state-based (such as judicial processes or labor tribunals) or not state-based (such as the mechanisms established by some international financial institutions or by the UN or regional organizations).

Human rights risk: Any risk that a company's operations may lead to one or more negative human rights impacts. It therefore relates to the company's *potential* human rights impact. Importantly, a company's human rights risks are the risks that its operations pose to human rights. This is separate from any risks that involvement in human rights impact may pose to the business, although the two are increasingly related.

Human rights to water and sanitation: The human right to water entitles everyone to sufficient, safe, acceptable, physically accessible, and affordable water for personal and domestic (household) use. Sanitation is defined as a system for the collection, transport, treatment, disposal, or reuse of human excreta and associated hygiene. The human right to sanitation entitles everyone to sanitation services that are safe, socially and culturally acceptable, secure, hygienic, physically accessible and affordable, and that provide privacy and ensure dignity.

Impact owners: Individuals within a company with responsibility for activities (e.g., human resources, communication relations, operations) or business relationships (e.g., purchasing and supply chain management) that may lead to negative human rights impacts. Legal and compliance functions may be important to include in any effort related to respecting human rights.

Indirect water use: Total water used in the production or supply of inputs used at a site. Indirect use includes water used to produce raw materials or parts and supplies as inputs for a manufacturing process, as well as water used in the generation of energy for a process. It does not include water used in the transport, use, or disposal of a product.

Integrating: The micro-level process of taking findings about a particular potential impact, identifying who in the enterprise needs to be involved in addressing the impact, and securing effective action to prevent or mitigate the impact.

Leading (or salient) human right risks: Are the ones that stand out for a company as being most at risk from the company's operations (including its own activities and business relationships), when considered from the perspective of potentially affected stakeholders.

Legacy impacts: Impacts caused by previous operations or activities.

Legitimate process (Remedy): A fair and independent process for remedy that is accountable and produces outcomes that are consistent with human rights.

Leverage: A company's ability to influence the behaviors and actions of others toward addressing identified potential and actual negative impacts, usually those others with which it has business relationships.

Linkage: Actions of a business partner or another entity in a company's value chain that cause an impact directly linked to the company's own operations, product, or services, which the company itself did not cause or contribute to.

Mitigate: Actions taken to reduce the likelihood or extent of negative human rights impacts, with any residual impact then requiring remediation.

Policy commitment: A statement approved at the highest level of a company that shows it is committed to respecting human rights, including the HRWS, and is communicated internally and externally.

Remediation: The process of providing a remedy for a harm.

Remedy: Actions to restore individuals or groups that have been harmed to a situation the same as or equivalent to their situation had the impact not occurred. Remedy can take a variety of different forms, including apologies, restitution, rehabilitation, financial and nonfinancial compensation, and punitive sanctions (whether criminal or administrative), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition. Whereas some forms of remedy are more likely in a judicial mechanism (such as fines), many are possible through non-judicial processes as well.

Relevant business activities: Everything a business does in connection with the life cycle of a product or service, from the sourcing of components or commodities that constitute it, to its design, production, delivery, and after-service. This includes hiring and/or contracting staff, contractors, suppliers, customers, government, or others.

Sanitation: A system for the collection, transport, treatment, disposal, or reuse of human excreta and associated hygiene. See also "human rights to water and sanitation."

Severity (of impacts): A severe human rights impact is understood with reference to its scale (how grave it is), scope (how many people are affected), and irremediable character (whether it is possible to restore those affected to a situation at least the same as, or equivalent to, their situation before the impact).

Stakeholder: Any individual, group of individuals, or organizations who may affect or be affected by an organization's activities, products, or services. See also "affected stakeholder" and "vulnerable or marginalized individuals or groups."

Stakeholder engagement: An ongoing process of interaction and dialogue between a company and one or more of its stakeholders that enables the company to hear, understand, and respond to the stakeholder's interests and concerns.

Supply chain: A system of organizations, people, technology, activities, information, and resources involved in moving a product or service from supplier to customer.

Supplier: A distinct entity that provides goods and/or services to another company.

Supporting human rights: Supporting human rights involves making a positive contribution to to promote or advance human rights.

Tipping point or threshold: Many natural systems can withstand disruption only up to a certain level, the tipping point or threshold, beyond which ecological discontinuities are likely to occur, with socially, economically, and environmentally unacceptable and possibly irreversible consequences.

Tracking performance: The process by which a company monitors and evaluates whether it has responded effectively to human rights risks and impacts.

Value chain: A company's value chain encompasses the activities that convert input into output by adding value. It includes entities with which the company has a direct or indirect business relationship and which either supply products or services that contributes to the enterprise's own products or services, or receive products or services from the enterprise.

Vulnerable or marginalized individuals or groups: Vulnerability can stem from an individual's status or characteristics (e.g., race, color, sex, language, religion, national or social origin, property, disability birth, age, or other status) or from their circumstances (e.g., poverty or economic disadvantage, dependence on unique natural resources, illiteracy, ill health). Those vulnerabilities may be reinforced through norms, societal practices, or legal barriers. Vulnerable or marginalized individuals typically experience negative impacts more severely than others. The UN Guiding Principles refer to the need for companies to pay attention to those standards when their operations may impact individuals or groups that have special protections under international human rights law. This applies to racial and ethnic groups, women, children, persons with disabilities, migrant workers, indigenous peoples, and linguistic, religious, and other minorities.

WASH: This acronym refers to access to water, sanitation, and hygiene. It is often used to describe interventions aimed at promoting access to adequate clean water and sanitation services for all, and the implementation of good hygiene education and practice.

Water availability: Refers to the amount of water available for human purposes. Functionally it is calculated as the volume of water resources in a given area minus the volume of water needed to fulfill environmental water requirements.

Wastewater discharge: The sum of water effluents discharged to subsurface waters, surface waters, and sewers either through a defined discharge point (point source discharge), over land in a dispersed or undefined manner (non-point source discharge), or wastewater removed via truck. Discharge of collected rainwater and domestic sewage is not regarded as water discharge.

Water consumption: Volume of water that is extracted from a freshwater source and not returned to that source after use. Water is consumed due to evaporation or incorporation into a product.

Water governance: The political, social, economic, and administrative systems that are in place, and that directly or indirectly affect the use, development, and management of water resources and the delivery of water service at all levels of society.

Water quality: The chemical, physical, and biological characteristics of water, relevant to its suitability for a particular purpose. It is a measure of the condition of water relative to the requirements of one or more species, or to any human need or purpose.

Water risks: The possibility of an entity experiencing a water-related hazard (e.g., flooding, infrastructure decay, drought). The extent of risk is a function of the likelihood of a specific hazard occurring and the severity of the hazard's impact. Severity of impact depends on the intensity of the hazard, as well as the vulnerability of the entity. Water risk is felt differently by every sector of society and the organizations within them, and thus is defined and interpreted differently.

Water risk assessments: A formal or informal evaluation that considers the water risk that the company itself faces through its reliance on water in the production of its goods and services.

Water scarcity: The volumetric abundance, or lack thereof, of freshwater resources. Scarcity is human driven; it is a function of the volume of human water consumption relative to the volume of water resources in a given area. As such, a region with very little water but no human water consumption would not be considered scarce, but rather arid. Water scarcity is a physical, objective reality that can be measured consistently across regions and over time. Water scarcity reflects the physical abundance of freshwater rather than whether that water is suitable for use. For instance, a region may have abundant water resources (and thus not be considered water scarce), but have such severe pollution that those supplies are unfit for human or ecological uses.

Water stress: The ability, or lack thereof, to meet the human and ecological demand for freshwater. Compared to scarcity, water stress is a more inclusive and broader concept. It considers several physical aspects related to water resources, including water availability, water quality, and the accessibility of water (i.e., whether people are able to make use of physically available water supplies), which is often a function of the sufficiency of infrastructure and the affordability of water, among other things. Both water consumption and water withdrawals provide useful information about relative water stress. A variety of physical pressures related to water, such as flooding and drought, are not included in the notion of water stress. Water stress has subjective elements and is assessed differently depending on societal values. For example, societies may have different thresholds for what constitutes sufficiently clean drinking water or the appropriate level of environmental water requirements to be afforded to freshwater ecosystems, and thus assess stress differently.

Water use: The total amount of water withdrawn or diverted by an operation to produce products or provide a service. Water use includes the sum of total water consumption, withdrawals, and water pollution, regardless of whether the water is returned to the local water resource or not.

Water withdrawals: The volume of freshwater extracted from a surface or groundwater source, without accounting for how much is returned to the freshwater source after use.

Project Team Members



The Pacific Institute is one of the world's leading nonprofit research and policy organizations working to create a healthier planet and sustainable communities. Based in Oakland, California, it conducts interdisciplinary research and partners with stakeholders to produce real-world solutions that advance environmental protection, economic development, and social equity—in California, nationally, and internationally. Since its founding in 1987, the Pacific Institute has become a locus for independent, innovative thinking that cuts across traditional areas of study, helping make connections and bring opposing groups together. The result is effective, actionable solutions addressing issues in the fields of freshwater resources, climate change, environmental justice, and globalization. www.pacinst.org



Putting Principles into Practice

Shift is an independent, non-profit center for business and human rights practice. It is staffed by a team that was centrally involved in shaping and writing the UN Guiding Principles on Business and Human Rights, and is chaired by the author of the Guiding Principles, Professor John Ruggie.

Shift provides the expert knowledge and guidance for businesses and governments to put the UN Guiding Principles into practice. Based on lessons from this work, Shift develops public guidance materials to support improved practices for the respect and protection of human rights globally. www.shiftproject.org

The CEO Water Mandate's six core elements:

Direct Operations

Mandate endorsers measure and reduce their water use and wastewater discharge and develop strategies for eliminating their impacts on communities and ecosystems.

Supply Chain and Watershed Management

Mandate endorsers seek avenues through which to encourage improved water management among their suppliers and public water managers alike.

Collective Action

Mandate endorsers look to participate in collective efforts with civil society, intergovernmental organizations, affected communities, and other businesses to advance water sustainability.

Public Policy

Mandate endorsers seek ways to facilitate the development and implementation of sustainable, equitable, and coherent water policy and regulatory frameworks.

Community Engagement

Mandate endorsers seek ways to improve community water efficiency, protect watersheds, and increase access to water services as a way of promoting sustainable water management and reducing risks.

Transparency

Mandate endorsers are committed to transparency and disclosure in order to hold themselves accountable and meet the expectations of their stakeholders.



The CEO Water Mandate is a special initiative of the UN Secretary-General and the UN Global Compact, providing a multi-stakeholder platform for the development, implementation, and disclosure of corporate water sustainability policies and practices. The UN Global Compact is the world's largest corporate sustainability initiative with over 7000 corporate participants and other stakeholders from more than 140 countries. The UN Global Compact is based on ten principles in the areas of human rights, labour standards, the environment, and anti-corruption.

The Ten Principles of the United Nations Global Compact

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

