

ISDC RESPONSE: AREA OF INFLUENCE

Issue: Area of Influence

The concept of area of influence is a critical one to the Standard, but one which was confusing to stakeholders.

Decision:

The ISDC resolved to:

- i. Change the terminology, i.e. change Area of Influence (Aol) to **Sphere of Influence (Sol)**.
- ii. Split Sol into two sections: Hydrological Sol and Socio-Economic Sol.

❖ Hydrological Sol

Hydrological Sol refers to the impact of a site on the hydrological regime, i.e. water balance /quality over a given geographical area. It is typically within a watershed and limited to a specific distance upstream and downstream from the site (the distance being a function of the level of use/impact). There exist various methodologies for determining this.

❖ Socio-economic Sol

This refers to the impact of a site's interactions with the social and economic dynamics of the community within which it operates and may be within the geographical boundaries of the watershed or beyond (e.g., within supply chain, regulatory jurisdiction, etc.). Such influence may, for example, relate to policy, behaviour change, etc. Methodologies exist for determining these impacts, for example Socio-Economic Impact Assessment (SEIA).

Rationale:

The terminology was changed from "Area of Influence" to "Sphere of Influence" because the former (Aol) implies a geographical (spatial) boundary within the context of the watershed where the site has **direct** physical impacts on water quality, quantity and socio-economics. This may be interpreted as leaving out indirect impacts which may well go beyond the defined geographical boundaries of the watershed. On the other hand, Sphere of Influence is a broader concept and includes not only the direct spatial impacts on water quality, quantity and socio-economics but also the **indirect** socio-economic (including cultural and political) impacts, which may be felt way beyond the defined geographical boundaries.

The ISDC also agreed that additional guidance will be required to assist implementers with putting this concept into practice.

ISDC RESPONSE: IMPLEMENTER vs. PROMOTER

Issue: Implementer vs. Promoter

The first draft of the standard introduced the concept of “Implementers” and “Promoters” as a distinction between those entities that would apply the Standard to their site activities, and those entities that would encourage, or compel, others to implement the Standard.

The Phase I feedback largely suggested to stick to a focus on Implementers with the possibility of adding an additional section on Promoters (in particular, what are the expectations for promoters). There was general confusion on the terms and several requests to provide additional guidance on the expectations of “promotion”. In addition, the confusion extended to the relationship and expectations of Implementers and Promoters in regards to indirect water use and the supply chain. There were also some suggestions of removing the section on Promoters entirely and moving it into the guidance (or into a separate program entirely).

ISDC Decision(s):

The ISDC decided to keep the Standard focused on the Implementing entity at the site level. Any reference to Promoter will be removed from the Standard and associated Guidance document. The role of “promotion” of the AWS Standard may be retained for implementers to advocate for adoption of the Standard by other entities within their Sphere of Influence, however, it will not be an explicit part of the Standard. The Standard will include requirements for Implementers to “advocate” (an intentional shift from the term “promote”) for adoption of the Standard by materials and supply vendors if the Implementer has significant water use impacts associated with their supply chain.

Nevertheless, the role of Promoter is recognized as vital to widespread use of the Standard, and as such, this role must be supported and advanced by educational and outreach efforts of AWS. The ISDC supports AWS developing a “Promoter Program” that explicitly recognizes Promoters and the role they play in helping to drive uptake of the Standard.

Rationale: The ISDC acknowledged that promotion of the Standard is critical to its successful widespread adoption; however this role was more appropriately seen as the responsibility of AWS and not as part of the Standard itself due to the confusion created by including it. The ISDC did also acknowledge that in situations where the supply chain providers to an Implementer have significant water use impacts, the Implementer must take an active role in promotion (advocacy) of the standard to its suppliers. This situation can be addressed by including requirements for advocacy in the relevant criteria and indicators of the Standard. The ISDC believes that indirect water use is fundamentally different from the supply chain and the role of promoters, and this clarification can be made in the Glossary definitions and Guidance document.

ISDC RESPONSE: IMPORTANT WATER-RELATED AREAS

Issue: Important Water-Related Areas (IWAs)

A number of stakeholders identified the fact that the concept of Important Water Areas was unclear (e.g., what were IWAs, how were they defined, who got to identify them?). Science-based guidance, and a level of independence was needed for identification. There was also some level of questioning on whether IWAs ought to remain as a separate principle or be incorporated throughout the Standard.

ISDC Decision(s):

- I. Change all 'Water Areas' or 'Important Water Areas' terms to "Important Water-Related Areas"
- II. Change the definition of "Important Water Areas" to read: 'The specific ecological, socio-cultural, and economic areas of a watershed that, if impaired or lost, would significantly or disproportionately impact the water-related environmental, social, cultural or economic benefits derived from the watershed. This includes water-related areas that are legally protected or under a conservation agreement, areas that have been identified as having cultural, spiritual or recreational importance to local or indigenous communities and areas that are recognized as important ecosystem services. Important water areas cannot be defined solely by the implementer'.
- III. Use RIO' 92 Definition of Indigenous people in the standard
- IV. Modification of footnote #13: To specify FPIC is for indigenous peoples "... negotiated agreements with recognized indigenous peoples for any compensations..."
- V. Maintain Important Water-Related Areas as a principle, but incorporate it throughout the Steps.

Rationale:

The rationale for the modification of this concept was based on the fact that the whole process of AWS is actually to protect IWA hence the need to expand and broaden this concept to cover the whole spectrum of sustainability which is environment, economic and social.

Furthermore, the translations of "water areas" into other languages resulted in translations that different concepts (e.g., into "water bodies – such as lakes" vs. "watersheds – such as the Amazon" vs. "land areas that are important to freshwater functions – such as an aquifer recharge area"). By improving and broadening the definition (i.e., not just "water areas" but "water-related areas" and adding clarity through specific examples, it will help in the translation of the concept.

ISDC RESPONSE: INDIRECT WATER USE

Issue: Indirect water use

Stakeholders expressed a number of concerns about indirect water use, including wanting to have clarification on the term, as well as a better level of understanding as to what the Standard would require. The issue of indirect water use was discussed by the ISDC to determine the most suitable path for the AWS Standard.

Responsible water stewardship involves not only management of one's direct on-site water use, but also a level of understanding of the extent to which a site is reliant upon water within the products and services they employ for their operations. This so-called "indirect water" is "used" or embedded within their supply chain and represents a key issue/risk that a water steward must be aware of and take action to address. The Water Footprint Network has spent considerable time championing the notion of "virtual water" and the green, blue and grey water footprints that result from flows of goods and services. Whenever such footprints are not tied to a site's direct water use (which encompasses withdrawal and consumption), but are still required to generate the primary products or services linked to that site, they would fall within the notion of indirect water use.

Indirect water use varies considerably by industry and operation with many consumer-facing entities having the majority of their water use within this scope of "indirect water use".

ISDC Decision(s): Several decisions were made with respect to indirect water use.

1) the ISDC decided to re-work the definition of indirect water use to the following: *"Water embedded in products/services that are not directly managed by the site and are used in the production of the site's primary products/services."*

The implication of this definition is that if products like paper are not related to the site's primary service (paper factory or packaging plant versus dairy farm or mine site) then they are not addressed in the indirect water use calculation.

2) Indirect water use will be included at base level certification. Where the bar is set is still up for debate. The Standard will be modified to reflect an understanding of direct vs. indirect water use (not just supply chain). Higher levels of certification will address issues such as field initiatives within Sphere of Influence or entire supply chain.

3) The ISDC recognizes that the definition of sphere of influence is critical to identify those supply chain areas that should be prioritized for actions.

4) The ISDC stressed that indirect water use could be a costly exercise and accordingly, low-cost (or free) tools need to be made available to ensure that the implementer can easily and quickly identify and evaluate its indirect water use.

5) Direct water use now includes water abstracted from a third party as well as waste water managed by a third party and therefore is removed from the concept of indirect water use.

6) "Indirect water users" will be referred to as "indirect water suppliers" in the next draft to avoid confusion. Accordingly, the term "water user" will be restricted to implementers only.

7) Guidance will be generated for:

- What constitutes “used in the production of site’s primary...” percentage or some other metric needed (i.e. packaging is used in production-does that mean it is included in “indirect water use”)
- Third water supply/treatment engagement
- Water that is ‘imported’ in from another watershed-trucked, piped etc.
- Storm water disposal counts as a site’s direct water
- Water imported to site become direct water (whether under direct control or not)

Rationale: The ISDC Meeting in Mexico City made structural changes to the Draft Standard in an effort to clarify the term “indirect water use”. The ISDC appreciated that the concept was unclear in the first draft, including its definition and thus began by revisiting the definition of indirect water use. There was also a discussion around the fact that there were different types of “indirect” – indirect water supply (i.e., water that was supplied by a third party), indirect water treatment (i.e., water that was outsourced to a third party waste water treatment facility), and virtual indirect water (i.e., water that was “embedded” in products or services).

There was a lack of clarity between “indirect water use” and “supply chain” (terms that had been used interchangeably in the draft) and the ISDC agreed that they needed to be treated differently. Indeed, the ISDC agreed with stakeholder comments about the fact that more needed to be said on indirect water use overall.

However, the ISDC was cognisant of the need to make the basic level of certification achievable and appealing to the masses and prevent the indirect water use concept from being a barrier to uptake. Accordingly, the ISDC agreed that in order to make the Standard viable, indirect water use could not constitute a large part of the basic level of certification. Rather, a level of awareness of indirect water use, not simply a list of indirect water suppliers, was seen as a key first step (and therefore core to basic certification), with higher levels of certification requiring additional actions and engagement with those suppliers that influenced a site’s indirect water use.

Related to the viability was also the issue of sphere of influence (renamed from the old “area of influence”). Again, to help to ensure the Standard remain manageable (and manage the costs of implementation/certification), the intention was to restrict action to the Sphere of Influence at a higher level and then address those indirect water suppliers outside of the Sphere of Influence at the highest certification level of the Standard. Focusing indirect water use on the Sphere of Influence also helps to ensure that the exercise of understanding and taking action on indirect water use is not an academic exercise, but rather something that results in beneficial actions as a responsible water steward.

Lastly, the ISDC appreciates that considerable guidance will be required to provide additional understanding of indirect water use.

ISDC RESPONSE: STRUCTURE OF STANDARD

Issue: Structure of Standard

The draft AWS Standard was structured around 12 steps, which attempted to lay down a step by step process, integrating, what was conceived to be the necessary steps to achieve Water Stewardship certification for the intended level. These 12 steps were to be followed for all the 4 Principles, with a further sub division of each step into 4 sub-steps addressing a core criterion, an intent, core indicators and extra credits. This in effect resulted in a basic 48X4 matrix through which an organization’s Water Stewardship credentials would be evaluated.

ISDC Decision(s):

The members shared an opinion with Stakeholders that the matrix (12 steps & 4 principles) was getting too cumbersome even without the multitude of sub criterion and indicators for each step. It was also felt by some stakeholders that the order of steps is incorrect which reflects that differences in logic of implementation exist within the ISDC and stakeholders. Views were also expressed that several steps were repetitive requiring the same action to be executed across different rows or columns of the overall matrix. Accordingly a need for further rationalizing the steps were expressed, grouping similar steps and sub steps so that the overall Standard becomes simpler, easier to implement and provide good readability, while retaining its uniqueness, logical structure and facilitate auditability for both large organizations as well as SMEs, in the developed as well as developing world.

Various individuals from the ISDC proposed alternatives with the following elements:

	Version #1	Version #2	Version #3	Version #4
Step 1	Leadership/ commit	Plan, commit, assess evaluate and prioritize	Commit	Commit
Step 2	Legal compliance	doing	Measure site aspects / impacts	Data
Step 3	Assess risks to source	Continue to improve	Measure area of influence	Plan/ response
Step 4	Site water balance		Measure status before implementing	Act / enable
Step 5	Indirect water use		Measure status after	Evaluate
Step 6	Manage risks (including infrastructure)		Measure impacts, risks	
Step 7	WS plan		Indirect use issues	
Step 8	Capacity		Improve impact	
Step 9	Communicate	Communicate		Disclose / communicate

Decision: The general opinion was to favour additional development in line with version #4 while using the #3 model to develop a “to-do” kit in the guidance section to help implementation

ISDC members’ thoughts seem to reflect a few dominant trends. One was to detail all the possible steps shaped through personal knowledge & experiences (version #1), another was one from an

implementers “tell me what to do” perspective (version #3) while the third could possibly be viewed as more strategic (version #2) while the last (Version #4) attempted to synthesise all these into a model with half the steps from that in the draft Standard.

There was general consensus within the ISDC that legal commitments belonged in an earlier step (which responded to several comments to this effect on behalf of stakeholders), and that there needed to be a greater emphasis on action.

The set of steps for the 2nd Draft that the ISDC agreed to were:

- 1) Commit
- 2) Gather Data and Process Information
- 3) Plan
- 4) Implement
- 5) Evaluate Performance
- 6) Disclose

In simplifying the Standard down to 6 steps, it helped to address many of the expressed concerns from stakeholders related to the fact that the first draft AWS Standard was difficult to follow, very “measurement-heavy” and not “action-heavy”, and had considerable redundancy. This structure consolidated many of the steps from the first draft into “2) Gather Data and Process Information” while still maintaining the general overall logic and structure.

The six steps will still form a matrix of sorts, but this time the other axis will be the “levels” (i.e., AWS Certified, AWS Gold Certified, and AWS Platinum Certified). The ISDC did believe that it was important to retain the water stewardship principles, but not necessarily make them a part of the structure. They will be incorporated into the second draft both through the introduction, as well as embedded within the criteria and indicators. The ISDC suggested to also develop a reference table in the Guidance Document to illustrate how the principles applied to the criteria and indicators.

There was also considerable discussion on the names of the various steps in the next draft. In particular, it was evident that there was considerable confusion between what distinguished data gathering, measurement, information processing, monitoring and evaluation. Accordingly, there was an effort to use language that helped to clarify that the early steps were about gathering data (either existing from other sources or newly created), while the later steps were about evaluating progress. Numerous stakeholders suggested using action verbs for the steps and accordingly, all of the steps were converted into action verbs.

TOP DOWN VS. BOTTOM UP

Issue: "Top Down or Bottom Up"

One of the concerns raised by stakeholders, and a key difference between the International Water Stewardship Standard ("AWS Standard") and the Australian Water Stewardship Standard, was whether the stewardship process should begin with catchment-level goals and use these to determine site requirements, or rather begin with the site and contribute to catchment-level goals. This so-called "top-down vs. bottom-up" debate was discussed by the ISDC to determine the most suitable path for the AWS Standard.

Background: Good water stewardship requires a thorough working knowledge of the basin and catchment within which the site is operating. In other words, what are the policies, plans and management initiatives addressing and mitigating the risks in the catchment that will affect the site?

Knowledge of these policies, regulations and plans for the catchment is helpful to inform the subsequent work required at the site to achieve and demonstrate good water stewardship. If the site is taking large volumes of water from a stressed river, then particular attention must be placed on actions to improve water productivity and reduce withdrawals. On the other hand if nutrients discharges and runoff from the site are stimulating toxic algal blooms then priority must be given to reducing the concentration and volume of effluent discharges and site runoff. Knowledge of the water systems in the basin and catchment is also required to define the Sphere of Influence.

River basin and catchment management plans can be a valuable source providing a synthesis of available information and data and setting out the challenges, risks and mitigation strategies. Recognizing that such plans might not be available in all situations consultation with Basin and catchment authorities could draw on their experience and empirical knowledge.

Decision: Maintain a "bottom-up" approach but ensure catchment-level goals and data are gathered during the early stages of applying the AWS Standard. These catchment-level goals can then be used to inform thinking by the site within its water stewardship plan, and how the site can contribute to impacts beyond its fenceline via collective action with common objectives. The ISDC noted that contributing to larger catchment objectives and policies is something that would increasingly be a part of higher levels of certification.

Additional guidance on this issue will be incorporated into the Guidance section of the next draft.

Rationale: The ISDC Meeting in Mexico City made structural changes to the Draft Standard which will make it much easier to address the question of whether it is better to start building knowledge from the site ("bottom-up") or to start from the catchment ("top-down") in order to put the water activities at the site into context and establish priorities for what is done at the site.

In restructuring the Standard, the ISDC has now introduced a step at the beginning of the process for "Gathering Information" which provides the logical place to address the "top-down vs. bottom-up" issue by starting information gathering at the catchment level to inform

what is required at the site.

The new structure makes it easier to accommodate regional differences and reduce the risk of markedly different regional water stewardship standards (since the Water Stewardship Australia Standard has more of a “top-down” focus).

The ISDC discussed whether to incorporate a more explicit “top-down” approach but opted for a less-structured approach as they felt that the emphasis of the Standard ought to remain squarely with the site and not delve into the role of catchment and public sector authorities that have the responsibility for catchment-wide management and goal-setting. Conversely, the “top-down” approach was recognized as having value by the ISDC in terms of providing guidance to the site on collective action and informing the responsibility of the site to address cumulative impacts. Accordingly, it was felt that by gathering information about the catchment, including any goals that exist, the site could still link into the essence of the “top-down” idea, without making it a core part of what a site was expected to undertake. This helps to ensure the expectations on the implementer are reasonable while still requiring engagement with wider catchment planning.