

ESG Viewpoint: WWF

RepRisk interviews Alexis Morgan, Water Stewardship Lead at WWF.

WWF is one of the world's largest and most respected independent conservation organizations, with over five million supporters and a global network active in over 100 countries. WWF's mission is to stop the degradation of the Earth's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption. Under its global freshwater programme, WWF works to ensure that freshwater ecosystems and their services sustain people and nature. Water Stewardship is a critical part of WWF's freshwater strategy.

Alexis Morgan leads WWF's global efforts on water stewardship, helping to harnesses the power of business to positively drive freshwater conservation. His responsibilities include overseeing the Water Risk Filter, leading WWF's engagement with the Alliance for Water Stewardship, and developing the concept of context-based water targets. Alexis is a member of the Water Advisory Board of CDP.



1. RepRisk: Could you please provide some insight into the global freshwater program and the work that you do?

Alexis Morgan: Freshwater is the lifeblood of our planet. It sustains life on earth, is a human right, a social need, and underpins most economic activity, which is why WWF is working with partners across the world to protect our most important rivers and wetlands and halt the decline in freshwater fish and other species and so ensure that freshwater ecosystems and their services sustain people and nature. The urgency around freshwater issues has never been greater. Declining water quality and increased water stress and scarcity put both people and nature at risk, threatening livelihoods, biodiversity, and increasing conflict. From the global media, to CEOs of major companies, local and national governments, financial institutions and beyond, water is gaining prominence as the next great global threat and opportunity.

Yet, even with this increased attention, most decisions around water management do not view healthy freshwater ecosystems as prerequisites for the sustainable provision of water, food, and energy. In line with our new strategic approach, WWF will be working to transform decision-making and improve water governance by leveraging financial institutions, the private sector, and international treaty organizations to influence governments and open up new opportunities to deliver conservation in river basins.

Specifically, we are aiming to redirect financial flows by ensuring that financial institutions investing in key river basins recognize the opportunities that come from better planning, stronger standards, coherent

regulations, and strong institutions. For example, WWF is considering a range of innovative financial solutions, including a new water stewardship fund and scaling up landscape investments through our [Landscape Finance Lab](#). WWF is also working to transform corporate water management by ensuring that businesses adopt water stewardship to mitigate water risks (e.g. by helping to drive uptake of the [Alliance for Water Stewardship](#) standard), expand collective action, and help drive positive basin outcomes. Finally, WWF is seeking to leverage treaty organizations, such as the Ramsar Wetlands Convention, to strengthen international mechanisms and standards and call governments to account for the actions to which they have committed.

Alongside our successful conservation work on the ground in partnership with communities, civil society groups, and government, WWF will focus on innovative tools and solutions to the complex challenges facing freshwater ecosystems – such as the Water Risk Filter.

2. RR: You are launching a new version of the Water Risk Filter in March 2018, which RepRisk is honored to be a part of. Please tell us more about how this project developed and what you are trying to achieve with it.

AM: Back in 2012, WWF launched the Water Risk Filter to help companies assess water risk, which can directly affect their operations, profitability and investor confidence, and encourage them to begin the journey towards becoming Water Stewards – helping to mitigate their risk, promote collective action, and strengthen water governance in river basins.

Developed in partnership with the German development finance institution DEG, the Water Risk Filter is a practical online tool that has developed into a leading and trusted source of water risk data for thousands of users – from multinational corporations to SMEs to investors – which have used the tool to evaluate water risk at hundreds of thousands of sites across the globe and guide their responses.

Designed to be easy to use by non-water experts, the Water Risk Filter is the only tool to assess both basin and operational water risk. It seamlessly links each risk assessment with mitigation measures so that companies and investors are immediately provided with the best available guidance on potential ways of mitigating their risks. Its state-of-the-art analysis can identify risk hot spots and prioritize water stewardship interventions.

Covering 35 industries and 125 crops in 195 countries, the Water Risk Filter has already been used by more than 3,000 unique users to assess over 200,000 individual sites around the globe. As Edeka, Germany's largest retailer, says "Using the Water Risk Filter, we analyzed around 2300 products on water risks related to their origin. The results helped us to raise awareness on the importance of the topic and start formulating mitigation strategies to work with our suppliers and producers collectively at the river-basin level."

But with water stress and risk increasing, WWF decided it was time for the most significant upgrade to the Water Risk Filter since its launch – a major revamp that would further improve the assessment data and add new functions that would enable any company or investor to assess, analyze, value, and respond to the water-related risks facing their operations and investments across the globe. In March 2018, we will launch this new version – Water Risk Filter 5.0.

3. RR: In what way does the data from RepRisk and other data partners improve the new version?

AM: The Water Risk Filter has always sought to draw upon the best and latest water risk data available. Harnessing partner data, such as that of RepRisk, allows us to provide constantly updated, globally leading

data to users. More specifically, RepRisk's data on country-sector level improves the quality and accuracy of the derived reputational water risk data, and also helps to bolster data in an area of water risk that is typically weak (considerable emphasis is usually placed on physical water risk over reputational water risk). RepRisk's contributions to the Water Risk Filter helps strengthen the overall water risk assessment and generate better quality information for our users.

4. RR: What else is new in the upgraded Water Risk Filter?

AM: The first thing users will notice about the new tool will be its cleaner, simpler interface. The second? All the new functions that will make the Water Risk Filter an essential tool for companies and investors. They will be able to explore 36 risk maps and 100+ country profiles, assess one or multiple sites using 28 basin risk indicators and an array of operational risk indicators, value their risk, and receive customized solutions a specific site or portfolio of sites.

The new Water Risk Filter will offer the most comprehensive coverage amongst risk tools across physical, regulatory, and reputational water risk. Along with the partnership with RepRisk, we are also adding eleven new risk layers (and removing seven older ones) as well as including climate change projection data.

A new response toolbox will dynamically link the water risk assessment results for any given site (or even a portfolio of sites) to customized risk response so companies and investors can decide on the best approach to mitigate their risk. Each response action is linked with an array of different water stewardship frameworks ranging from the Alliance for Water Stewardship and CDP Water to Ceres' Aqua Gauge and the Sustainable Development Goals. In addition, each action is also hyperlinked to the CEO Water Mandate's Water Stewardship Toolkit, thereby enabling users to access the latest reports, case studies, and guidance to implement responses.

In addition, WWF is adding its own valuation tool into the mix. This new tool will draw from the Water Risk Assessment results to offer up specific events (and probabilities), which the user will then select from to identify potential financial impacts. Powered by CDP Water data, the new valuation tool will ultimately help to illustrate how water risk events can affect financial statements: from revenue loss due to droughts to depreciation of assets due to floods. With this improved data and new functions, the Water Risk Filter will make it easier than ever for companies to assess their risk and begin taking steps along the path to water stewardship.

5. RR: In your view, what steps need to be taken by a company to successfully manage water risks?

AM: The first step is for companies assess the water risk to their operations and supply chains – and the Water Risk Filter is the place to start. Then, they need to take steps to mitigate their risk. But they cannot stop at their fenceline. Concentrating solely on mitigating water risks within their specific plants by improving water use and efficiency will not mitigate long term risks that can only be resolved at the basin level. So what should companies do? Adopt a water stewardship approach.

Water stewardship is about business understanding the risks they face from water scarcity and pollution, and taking action to help ensure water is managed sustainably as a shared, public resource. Stewardship goes beyond being an efficient water user. It is about the private sector collaborating with governments, other businesses, NGOs, communities, and others to protect shared freshwater resources. For example, if you were to take some of WWF's partners, leading companies such as H&M and Coca-Cola, you would quickly see that their corporate strategies (including growth plans) are not only tied to water, but that their activities engage their operations, their

supply chains, their customers, and others in the basins in which they operate. In short, they work in partnership to address shared water challenges to not only mitigate water risks, but to harness water opportunities such as enhancing brand reputation.

WWF has been a driving force behind water stewardship over the past decade, helping redefine the role of the private sector in advocating, supporting, and promoting better basin governance for the benefit of people and nature. Real progress has been made in the past ten years but many more companies need to join the water stewardship movement. WWF and the Water Risk Filter are here to help them on their journey.

For more information, please visit us at <http://waterriskfilter.panda.org>.