



DIAGEO WATER COLLECTIVE ACTION IMPLEMENTATION GUIDE

APRIL 2021

Practical guide

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Annexes

[Annex 1: Supplementary information for Step 1](#)

Annex 1.1	Principles for effective collective action
Annex 1.2	Case studies of effective collective action
Annex 1.3	Your key resources – guidance documents
Annex 1.4	Additional tools to support implementation of collective action

[Annex 2: Supplementary information for Step 2](#)

Annex 2.1	Key stakeholders engaged in collective action (non-exhaustive)
Annex 2.2	Identify collective action activity to address basin water challenges

[Annex 3: Supplementary information for Step 3](#)

Annex 3.1	Example indicators to report on collective action basin impact
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[Annex 4: Initiating collective action](#)

Annex 4.1	Initiating collective action
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INTRODUCTION TO THE WATER COLLECTIVE ACTION IMPLEMENTATION GUIDE

PURPOSE AND AUDIENCE OF THIS DIAGEO WATER COLLECTIVE ACTION IMPLEMENTATION GUIDE

AUDIENCE

Sustainability Managers in Diageo markets where priority water-stressed basins are located

The Implementation Guide may also be of interest to local public officials, project developers, and partners and beneficiaries interested in developing a better understanding of Diageo's collective action approach.

PURPOSE

The guide outlines the **process behind joining existing collective action initiatives and projects** in your basin.

How will this guide support Sustainability Managers with implementing collective action:

- by providing the resources to help you understand and apply key concepts and principles of collective action;
- by providing guidance on how to prioritise existing basin initiatives, and conduct due diligence of stakeholders;
- by providing tools and templates to support you in engaging in and monitoring progress on collective action;
- by providing guidance on financial and non-financial engagement options around collective action, and;
- by helping you and your team understand the required time commitment for engaging in and implementing collective action and internal reporting.

THE BUSINESS CASE FOR COLLECTIVE ACTION: WHY SHOULD YOUR SITE INVEST IN COLLECTIVE ACTION?

- ❑ Contribute to achieving **Diageo's 2030 Preserve Water for Life** targets.
- ❑ Establish Diageo as a leader in supporting collective action approaches that effectively manage basin water challenges.
- ❑ Limit the commercial impact of poorly managed resources in the priority basins. Water-related business risks are driven by unsustainable basin conditions beyond a company's fence-line.
- ❑ Collective action ensures a **long-term sustainable approach to managing basin climate change challenges**, which meets the requirements of Diageo's Risk Management Committees in Market to develop mitigation plans addressing climate change risks.
- ❑ Water stress will put increasing pressure on companies who are major water users. Diageo's collective action efforts support the **long-term social license to operate**.
- ❑ Sites in water stressed basins will be required to certify under the **Alliance for Water Stewardship (AWS) standard**, as well as contribute towards Diageo's replenishment goals (see: the Diageo Water Replenishment Implementation Toolkit). There will be synergies between knowledge acquisition and stakeholder engagement for all elements.
- ❑ While replenishment at a site/basin drives 'net zero water impact', collective action can elevate a site/basin to 'net positive water impact', essentially moving a site/basin **from no harm to positive impact**.



Tip: Speak to relevant business functions to refine the business objectives for engaging in collective action within the basin of your site (see [Step 1.3](#)).



WATER STEWARDSHIP AT DIAGEO: PRESERVE WATER FOR LIFE TARGETS 2030

Diageo's strategy builds on the holistic, context-based approach of the past decade, recognising the multiple inter-dependencies and inter-linkages between our use of water and our impact on communities, supply chains and the environment. It's a 'grain to glass' approach which supports farmers (especially smallholders), improves water use in operations, replenishes water in water-stressed basins, provides clean water to our communities, and strongly advocates for more collective action to build a better waterworld for everyone.



WATER IN OUR SUPPLY CHAIN

- All raw material suppliers achieve Diageo Water Management Standard
- 150,000 smallholder farmers in water-stressed areas have demonstrably improved their climate change resilience
- 50% of all irrigated agric commodities in water-stressed areas have best in class water efficiency



WATER IN OUR OPERATIONS

- 30% improvement in water use efficiency globally and 40% in water-stressed areas
- All sites return discharged water safely and meet Diageo Water Management Standard
- All our sites in our Priority Water basins are certified to the Alliance for Water Stewardship Standard



WATER IN OUR COMMUNITIES

- Replenish all direct consumptive water used in water-stressed areas
- Complete 150 community water projects, including providing access to clean water, sanitation and hygiene (WASH)
- [Engage in collective action in all of our Priority Water Basins to improve water accessibility, availability and quality and contribute to a net positive water impact](#)
- Ensure all sites in water-stressed areas provide improved access to safe WASH for nearby communities and in smallholder raw material sourcing areas



WATER ADVOCACY

- All our water-stressed markets have water issues embedded in public policy planning
- Deliver targeted water campaigns with our employees, customers and supply chain





WATER COLLECTIVE ACTION AT DIAGEO

Diageo is extending our commitment to participate in collective action in our priority water-stressed basins by **joining existing** water stewardship initiatives, collective action efforts, and public policy initiatives in the basin, and by **supporting basin-wide, multi-stakeholder collaboration** to address the **broader systemic water risks** in these basins. Combined with our replenishment programme, this will contribute to **achieving a net positive water impact**. Partnership, collective action, and collaboration is at the heart of the Diageo strategy and key to achieving our ambition to help deliver Sustainable Development Goal (SDG) 6 – Clean Water and Sanitation for All.

What has already been done ...

- Identification of priority basins (see [slide 9](#))
- Identification of water risks in each priority basin (see [Step 1.2](#))

What Sustainability Managers need to do ...

- Prioritise engaging in existing (e.g. formally established) collective action with other stakeholders in priority basins in order to address the identified shared water challenge(s)
- This guide will take you through a step-by-step process showing you how to do this



WHAT IS COLLECTIVE ACTION IN WATER STEWARDSHIP?

Collective action encompasses multi-stakeholder water management initiatives or projects that involve interaction with government entities, local communities, and/or civil society organisations that ultimately benefit all actors in the basin by addressing shared water challenges*.

The goal of collective action is to:

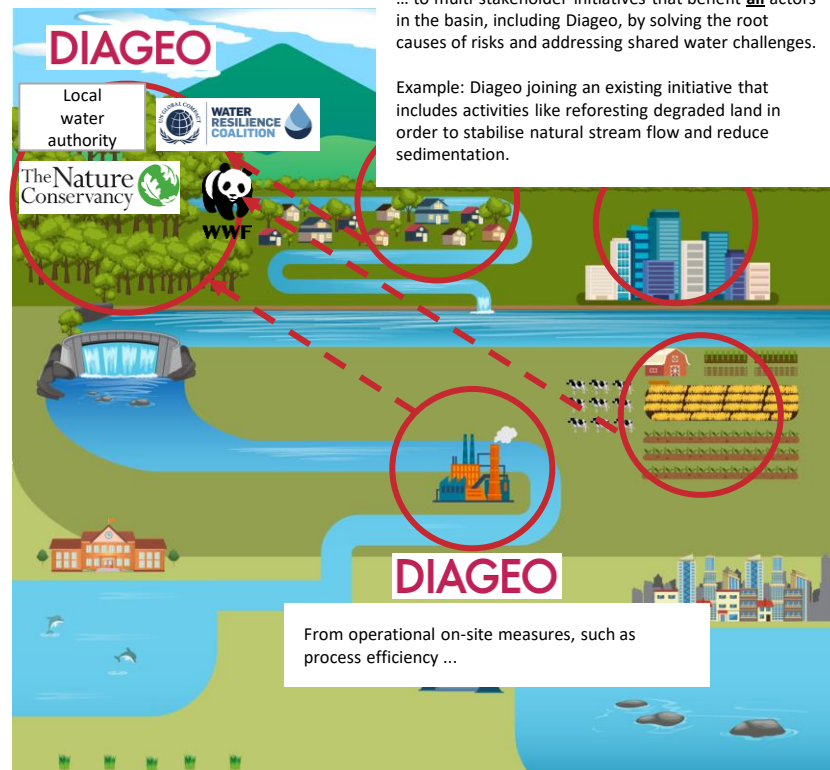
1. Advance the **sustainable and equitable management of the basin** in which companies and their suppliers operate.
2. **Scale up the benefits** of good water management initiatives.
3. Advance the **responsible internal company management** of water resources within direct operations and supply chains in line with policy imperatives.

Collective action requires a shift from on-site water management to beyond-the-fence water stewardship.

*A “**shared water challenge**” is a water-related issue, concern or threat shared by **the site and one or more stakeholders** within the basin.

... to multi-stakeholder initiatives that benefit **all** actors in the basin, including Diageo, by solving the root causes of risks and addressing shared water challenges.

Example: Diageo joining an existing initiative that includes activities like reforestation degraded land in order to stabilise natural stream flow and reduce sedimentation.



Stakeholder benefits through engagement in collective action

1. A strong sense of shared ownership of problems and solutions and accountability.
2. More informed decision-making by both business and non-business parties around their efforts.
3. An expanded pool of expertise and capacity to drive long-term sustainable impact in the water basin.

DIAGEO'S PRIORITY BASINS

Diageo carried out an assessment to **identify priority basins** among its operational sites. This assessment was based on a combination of (1) a **Diageo criticality assessment** (based on expert judgement and consumption volumes) and (2) **high water risks scores** (based on [WRI Aqueduct indicators](#)) for each site. In combination, these two indicators allowed the **identification of basins within Diageo-owned operations** that would **benefit the most from taking action to address identified water challenges**. The outcome of the assessment highlighted 13 priority basins where further action is required, shown in the map below (**site name**, name of minor basin). Each of the 15 Diageo sites located in the 13 priority basins will engage in collective action.

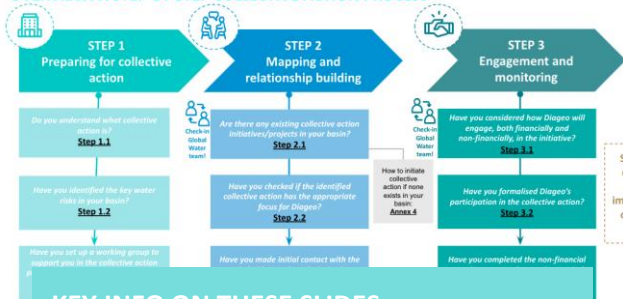




HOW TO USE THE DIAGEO WATER COLLECTIVE ACTION IMPLEMENTATION GUIDE

STEP OVERVIEW

OVERVIEW: A STEP-BY-STEP COLLECTIVE ACTION PROCESS



KEY INFO ON THESE SLIDES:

- Overview of the sub-steps
- Key activities
- Expected outcomes/outputs
- Resources to help complete

SUPPORTING SUB-STEP MATERIAL

Step 1.3 SET UP AN INTERNAL DIAGEO WORKING GROUP FOR COLLECTIVE ACTION

- What do you need to do?
- The Sustainability Manager should set up an internal working group, consider using the suggested set-up template below to assemble your site collective action working group
 - The Sustainability Manager should cover key principles and concepts of collective action during the first group meeting
 - Ensure all working group members understand the time commitment requirements for collective action
 - Populate the project plan and key activities section
 - Consider updating this template at quarterly core and supporting working group meetings

Name of site: (to be filled)		
Working group set-up		
Core members and key roles	Support members and corresponding roles	Time commitment* required of members
<ul style="list-style-type: none"> • Project Manager: (name) • Public/Government Affairs: (name) • Technical specialist: (name) • Site supply/operations manager: (name) 	<ul style="list-style-type: none"> • Finance: (name) • Legal: (name) • Communications: (name) 	<ul style="list-style-type: none"> • Core working group: monthly meeting (1hr) • Core and support working group: quarterly meeting (1-1.5hr) • Engagement with project partners (4-5hr/month for initial months)

KEY INFO ON THESE SLIDES:

- Instructions “what do you need to do”
- Templates to be completed, indicated with:
- References to resources found in the annexes

SUPPLEMENTARY ANNEX INFO

Annexes

Annex 1: Supplementary Information For Step 1

- Annex 1.1 Principles For Effective Collective Action
- Annex 1.2 Case Studies Of Effective Collective Action
- Annex 1.3 Your Key Resources – Guidance Documents
- Annex 1.4 Additional Tools To Support Implementation Of Collective Action

Annex 2: Supplementary Information For Step 2

- Annex 2.1 Key Stakeholders Engaged In Collective Action
- Annex 2.2 Identify Collective Action Activity To Address Basin Water Challenges

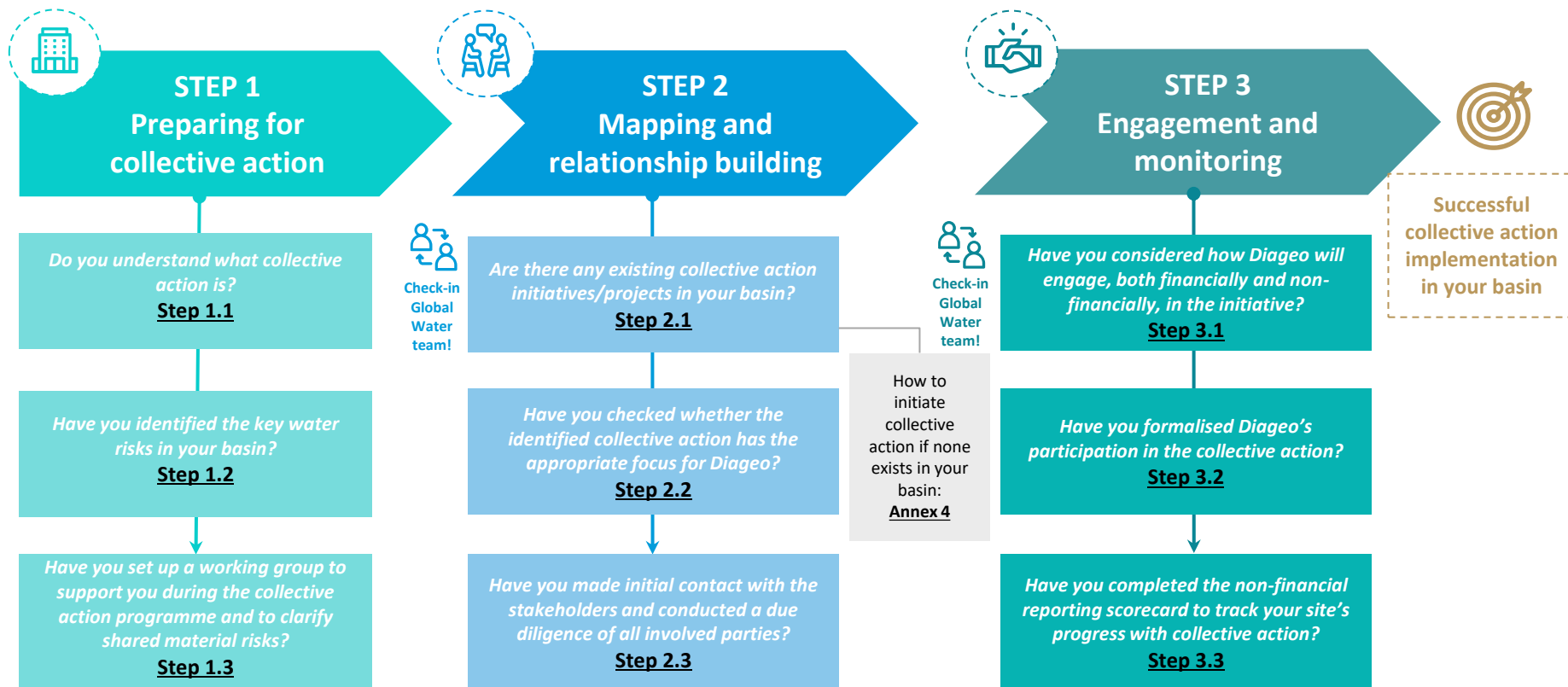
Annex 3: Supplementary Information For Step 3

KEY INFO ON THESE SLIDES:

- Supplementary information for each step, including theory, links to relevant tools and resources, supporting information and case-studies



OVERVIEW: A STEP-BY-STEP COLLECTIVE ACTION PROCESS





STEP 1: PREPARING FOR COLLECTIVE ACTION

Overview Step 1	<h2>Step 1.1</h2> <p>Review the collective action concept checklist</p>	<h2>Step 1.2</h2> <p>Review basin challenges and determine collective action potential</p>	<h2>Step 1.3</h2> <p>Set up an internal Diageo working group for collective action</p>
Activity	<p>The Sustainability Manager should:</p> <ul style="list-style-type: none"> familiarise themselves with definitions, key principles and industry case studies in collective action use the collective action concept checklist to review their knowledge 	<p>The Sustainability Manager should:</p> <ul style="list-style-type: none"> review the priority basin work to understand the identified water risks within their basin, as well as its collaborative action potential 	<p>The Sustainability Manager should:</p> <ul style="list-style-type: none"> establish an internal team on-site with a clear governance structure, roles and responsibilities, timelines and goals for driving collective action forwards ensure that the internal team is aware of the key concepts and principles of collective action during the first meeting
Output/ Outcome	<ul style="list-style-type: none"> A good understanding of key concepts of water stewardship, collective action, and an overview of how industry peers have used collective action in water stewardship programmes 	<ul style="list-style-type: none"> Clear understanding of identified key water challenges in your basin, and how collective action can be applied to address these challenges 	<ul style="list-style-type: none"> A dedicated Diageo collective action working group on site, with a governance structure, agreed roles and responsibilities and outlined purpose and goals of Diageo's collective action engagement Defined key shared and material water challenges in your basin
Resources	<ul style="list-style-type: none"> <u>Annex 1.1</u> for the principles of collective action <u>Annex 1.2</u> for case studies CEO Water Mandate Guide to Water Related Collective Action 	<ul style="list-style-type: none"> Diageo's priority basin selection analysis 	<ul style="list-style-type: none"> <u>Slide 16</u> <u>Checklist</u> for a typical list of action and processes which takes place during a collective action project

Step 1.1

REVIEW THE COLLECTIVE ACTION CONCEPT CHECKLIST

What does the Sustainability Manager need to do?

- Review the checklist below to ensure you are familiar with collective action and its key approaches.

Checklist
to be
filled in

CHECKLIST FOR REVIEW

CHECK BOX

Have you reviewed the key concepts and benefits of collective action?

- Refer to [Annex 1.3](#) for a list of resources on collective action
- Review [slide 5](#) 'The business case for collective action – why should your site invest in collective action?'
- Suggested reading:*
 - CEO Water Mandate Guide to Water Related Collective Action*
 - Deloitte Review Issue 16 (Water as a shared challenge: from societal expectations to collective action)*

Have you reviewed the five key principles of engaging in collective action?

- Refer to [Annex 1.1](#) for a list of the principles
- Suggested reading:*
 - CEO Water Mandate Guide to Responsible Business Engagement with Water Policy*

Have you reviewed industry case studies of successful collective action programmes?

- Refer to [Annex 1.2](#) for a set of case studies
- Suggested reading:*
 - CEO Water Mandate Guide to Water Related Collective Action (contains a variety of case studies)*
 - International Water Stewardship Programme Annual Report 2018/2019*

Step 1.2

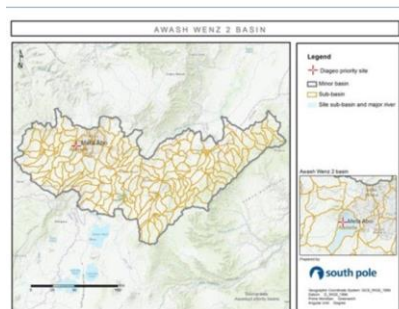
REVIEW BASIN CHALLENGES AND DETERMINE COLLECTIVE ACTION POTENTIAL

What does the Sustainability Manager need to do?

- Review the outcomes of Diageo's Priority Basins Selection Analysis ([slide 9](#); example below) for the basin in which their site is located in order to understand (1) *initial* identified water challenges in the basin, and (2) *initial* identified collaborative action potential in the basin.
- Review other publicly available resources to *further* identify and understand local water challenges in your basin (refer to [Annex 1.4](#) for a list of tools and resources). Further challenges in your basin may pertain to water governance issues, land use change and loss of ecosystems/biodiversity and flooding/other extreme events.
- Begin filling in the template in [Step 2.2](#) to identify **shared** water challenges in your basin.

Key water challenges explained

Collaborative action potential identified



Diageo water risk data highlights

- 100% of water from on-site wells
- Wastewater treatment on-site
- Risk regarding water quantity and quality impacts are medium to high and likely increasing; social and reputational risks are high
- "Water is depleting resource some time borehole water potential decrease, maintenance and inspection and water treatment incurring cost increase from year to year"

WRI Indicator high (above 3)	Score
Overall water risk	3.5
Untreated connected wastewater	5
Unimproved/no drinking water	5
Unimproved/no sanitation	5

Key water challenges

Ethiopia

Availability

Water use for industrial use is available however clear understanding of future resources and adequate management is lacking

Quality

Most waste water goes untreated, the management of the overall watershed is lacking, although a river management plan was developed (2010-2017).

WASH

Large part of the population does not have access to safe drinking water. Water allocation and water quality is among the key strategic issues in the basin.

Existing initiatives

- On-site: Access to water, two boreholes outside the compound provide water to local communities, effluent is used for irrigation **DIAGEO**
- WaterAid and WASH alliance (local WASH initiative) are active in the Addis Ababa area **WATER ACTION HUB**

Collaborative Action potential

- Collaborate with WaterAid and WASH alliance
- Review the existing [river management plan](#) and identify options to support programs including supporting the Sebeta water utility and NGOs such as [IRC](#) or [CMP Ethiopia](#)

Water risks identified
(WRI Aqueduct, 5= highest risk)

Step 1.3

SET UP AN INTERNAL DIAGEO WORKING GROUP FOR COLLECTIVE ACTION

What does the Sustainability Manager need to do?

- Set up an internal working group using the **working group set-up template** below to guide you in assembling your site's dedicated collective action working group
- Cover key principles and concepts of collective action during the first group meeting, ensuring all working group members gain an understanding
- Ensure all working group members understand the time commitment requirements for engaging in collective action
- Speak with relevant internal business functions (e.g. public policy, supply chain) to understand their relevant business objectives for the basin
- Agree on shared and material water risks to mitigate in your basin (Ref. [Step 1.2](#))
- Populate the **project plan** section of the template below
- Consider updating this template at quarterly core and supporting working group meetings

Template
to be
filled in

Name of site: (to be filled in)

Working group set-up

Core members and key roles	Support members and corresponding roles	Time commitment* required of members
<ul style="list-style-type: none"> • Project/Sustainability manager: (name) • Public/government affairs: (name) • Supply Environment Manager: (name) • Site supply/operations manager: (name) 	<ul style="list-style-type: none"> • Finance: (name) • Legal: (name) • Communications: (name) 	<ul style="list-style-type: none"> • Core working group: monthly meeting (1 hr) • Core and support working group: quarterly meeting (1 hr) • Engagement with project partners (4–5 hr/month for initial months) <p><i>*Note: time commitment will vary depending on the maturity of the collective action programme in the market</i></p>

Project plan

Key shared and material water risks in your basin	Objective of collective action at your site	Timeline, milestones & responsibilities for collective action
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(Discuss and agree on key challenges with the team. Ref. Step 1.2 and AWS certification)



STEP 2: MAPPING AND RELATIONSHIP BUILDING

Overview Step 2

Activity

Output/ Outcome

Resources

Step 2.1

Screen ongoing initiatives/projects in your basin

- Start by reviewing the Water Action Hub to gain an overview of all listed ongoing initiatives and projects in your basin.
- Reach out to relevant stakeholders in your region to understand whether they are active in your basin, or have knowledge of possible initiatives/stakeholders who are.
- Engage with Diageo's global water team to ensure that global water partnerships are connected with local collective action

- High-level overview of existing initiatives and projects in the basin

- **Annex 1.4** for publicly available tools to identify local stakeholders and actions
- **Annex 2.1** for a list of existing stakeholders engaged in collective action

Step 2.2

Assess and prioritise initiatives/projects

- Fill out the template for each identified initiative/project in **Step 2.1** to carry out a granular assessment.
- Review **Annex 2.2** for guidance on water risks and their links to collective action areas addressed by specific interventions.
- Consider which initiative/project has priority based on alignment with Diageo's identified shared water challenges, as well as further factors such as the current needs of the collective action and where Diageo can add value.

- Understanding of how well existing collective action addresses Diageo's identified shared basin challenges
- Assessed and prioritised initiatives/projects to discuss with Diageo internal working group for further engagement

- **Slide 20**
- **Annex 2.2** for collective action activities that address basin challenges

Step 2.3

Initial outreach to stakeholders involved in collective action

- Initiate outreach with partners in the priority initiatives/project in order to gain insights into the project and the partners involved, and to begin to understand a potential role for Diageo.
- Refine your initiative/project assessment questionnaire (**slide 20** and **slide 21**) with any additional information you have gained.
- Complete the template for a stakeholder assessment (due diligence) of partners involved in the initiative/project.

- Gain further insight of initiative or project(s) objectives, impact, operations and involved stakeholders.
- Initial understanding of potential role for Diageo
- Refined initiative/project assessment (**Step 2.2**)
- Completed stakeholder assessment

- **Slide 22**
- CEO Water Mandate Guide to Water Related Collective Action (stakeholder matrix)

Step 2.1

SCREEN ONGOING INITIATIVES/PROJECTS IN YOUR CATCHMENT

What do you need to do?

- Start by reviewing the [Water Action Hub](#) to gain an overview of all listed ongoing initiatives and projects in your basin.
- Reach out to relevant stakeholders in your region (e.g. country chapters of NGOs working on water stewardship, local water authorities etc. – refer to [Annex 2.1](#) for a non-exhaustive list of potential stakeholders to contact) to understand whether they are active in your basin, or have knowledge of possible initiatives, projects or stakeholders who are active in your basin.
- Engage with Diageo's global water team to ensure that global water partnerships are connected to local collective action, as well as peers, industry associations and other local networks.

Collective action looks different in each basin and there are numerous ways to get involved. The overall objective of Step 2 is to identify what various basin players are already working on and assess the value of joining their efforts. This can be through either:

A collective action initiative

What is a collective action initiative?

- A group collaboration approach
- Multi-stakeholder (NGOs, private sector, governing authorities etc.)
- Multi-dimensional elements (multiple water stewardship activities addressing systemic water challenges within the basin)
- Often an independent entity to administer funds for basin activities (e.g. TNC's Water Funds)

If such initiatives exist in your basin, the priority should be to join them.

Examples: [TNC Blue-Green Water Coalition](#), [Pakistan Cotton Producers Water Stewardship Partnership](#). Refer to [Annex 1.2](#) for further case studies.

A collective action project

What is a collective action project?

- An individual project opportunity
- Multi-stakeholder but **not** multi-dimensional (focus is on one dimension of water stewardship)

Invest in individual projects if no collective action initiatives exist.
You can invest in more than one collective action project.

Examples: [Tanzania Multi-Sector Forum on Water Resources](#) [Southeast Asia Apparel Water Action Workshop](#).

Step 2.2

ASSESS AND PRIORITISE ONGOING INITIATIVES/PROJECTS IN THE CATCHMENT (1 of 2)

What do you need to do?

- Fill out the template questionnaire below for each identified initiative/project from the screening exercise in [Step 2.1](#) to carry out a granular assessment.
- Review [Annex 2.2](#) for guidance on water risks and their link to collective action areas addressed by specific interventions.
- Once all of the identified initiatives/projects have been assessed, consider which initiative/project has priority based on alignment with Diageo's identified shared water challenges, as well as further factors such as the current needs of the collective action and where Diageo can add value.

Template
to be
filled in



ALIGN ON SHARED WATER CHALLENGES

Material water risks	What is/are material water risk(s) from the Diageo site's perspective?	What is/are material water risk(s) from the surrounding community's perspective?	Which material water risk(s) does the initiative/project address?
Water scarcity (unreliable stream flow or precipitation, depleted groundwater, over-water consumption)			
Water quality deterioration			
Poor basin governance (e.g. lack of data availability, water overallocation, lack of basin management plan or water policy, etc.)			
Access to WASH			
Freshwater biodiversity decline and ecosystems' degradation (often linked to land use change)			
Flooding/extreme weather events			

Step 2.2

ASSESS AND PRIORITISE ONGOING INITIATIVES/PROJECTS IN THE CATCHMENT (2 of 2)

Template
to be
filled in



What do you need to do?

- Fill out the template questionnaire below for each identified initiative/project from the screening exercise in [Step 2.1](#) to assess how appropriate the initiative addresses the identified shared water challenges.
- Review [Annex 2.1](#) for guidance on material water risks and the links to specific interventions that the collective action initiative might have.
- Once all of the identified initiatives/projects have been assessed, consider which initiative/project has priority based on its alignment with Diageo's identified shared water challenges, as well as further factors such as the current needs of the collective action and where Diageo can add value.

ADDITIONAL FACTORS TO CONSIDER

Who is the key stakeholder leading the collective action initiative/project?

Who are the other stakeholders involved? How many?

What are the objectives of the initiative/project?

What are the actions/interventions of the available initiative? (*Review Annex 2.1 for guidance on material water risks and their links to specific interventions that the collective action initiative might have*)

How advanced or mature is the initiative? (*E.g. for how long has the initiative been established? Is there an established governance structure? How advanced is the implementation of activities? Do activities already yield impact/benefits? If yes, which ones, e.g. number of trees planted, hectares restored, communities benefited, etc.?*)

What are the current needs of the initiative/project and where can Diageo add value? (*e.g. depending on how mature the initiative/project is, it could be in need of seed funding (investment from Diageo) or other types of support, such as advocacy, communication, mobilisation of farmers/suppliers, data sharing, etc. Refer to Step 3.1 for a list of potential engagement options*)

What is the overall budget of the initiative?

Step 2.3

INITIAL OUTREACH TO STAKEHOLDERS INVOLVED IN COLLECTIVE ACTION: STAKEHOLDER ASSESSMENT OF PRIORITY INITIATIVES/PROJECTS

Template to be filled in



What do you need to do?

- Initiate outreach with partners in the priority initiatives/project, either through a meeting, a site visit or by joining a stakeholder meeting as an observer in order to gain insights into the project and the partners involved, and to begin to understand a potential role for Diageo.
- Refine your initiative/project assessment questionnaire ([slide 20](#) and [slide 21](#)) with any additional information you have gained.
- Complete the template below for a stakeholder assessment (due diligence) of partners involved in the initiative/project.

Name of partner in the selected initiative	Do they have a direct influence on decision making? <i>High, medium, low</i>	Do they indirectly/directly support collective action to address the basin's challenges? How? <i>Direct vs indirect support</i> <i>These interested parties emerge from the role they play in altering a key driver of water quality impacts within the water resource system</i>	What is the level of contribution of each partner? <i>Some possible areas include: technical expertise, funding support, policy/regulations/governance, relationship networks, data/information, implementation support, convening ability</i>	Benefit to your Diageo site from engagement with this partner	Does your Diageo site have an existing relationship with this partner? <i>Yes (strong, medium, or weak relationship) or no</i>	Do the stakeholders have the capacity to manage any risks that might befall the collective action? (e.g. forest fire, flood damage, regulatory hurdles) <i>Capacity (low, medium, high)</i>	Is there a risk associated with stakeholder not conforming with Diageo's code of business conduct? <i>Conformity with code of conduct (low, medium high)</i>
<i>Example: World Wildlife Fund (WWF)</i>	<i>Medium</i>	<i>Direct support</i>	<i>Relationship networks, implementation support, convening ability</i>	<i>Ability to access WWF's network of partners. WWF is influential as a convener of multiple stakeholders</i>	<i>Yes – weak relationship</i>	<i>Capacity high (proven experience)</i>	<i>High</i>



STEP 3: ENGAGEMENT AND MONITORING

Overview

Step 3

Activity

Output/ Outcome

Resources

Step 3.1

Evaluate investment and initiative/project engagement options

- Share the initiative/project and stakeholder assessment with the Diageo global water team. Discuss the outcomes of the assessment, as well as the discussions with the lead initiative/project partners that you contacted.
- Determine a path forwards for your site in terms of Diageo's financial and non-financial engagement with the initiative/project.

- Final decision on initiative/project selection (if more than one has been prioritised).
- Agreement on Diageo's investment and engagement in the selected initiative/project.
- Clearly defined next steps, in alignment with Diageo's global water team, for the site collective action working group.

- [Slide 25](#)

Step 3.2

Establish and formalise Diageo's role in the initiative/project

- Set up and formalise Diageo's partnership with the initiative/project by drafting an MoU (or reviewing an existing MOU), outlining Diageo's engagement and role within the project (incl. governance structure, responsibilities, decision-making, communication, goals, scope, financing, timeline, monitoring)
- The MoU will act as a reference point for the collective action plan, and outline how partners will work together and evaluate the impact of the project.

- Signed MoU
- Signed additional agreements that may be needed with entities to whom funds are transferred
- Internal engagement strategy for project

- [Slide 26](#)

Step 3.3

Set up for long-term success: monitoring and reporting Diageo's involvement

- Familiarise yourself with the collective action programme management checklist
- Utilise the checklist as a market collective action monitoring and reporting framework to guide you through the engagement process (Steps 1–3)
- Report quarterly on your site's collective action progress through the non-financial team's global reporting scorecard
- Consider how to manage and optimise your collective action initiative/project in the mid to long term

- Completed collective action programme management checklist
- Completed quarterly global reporting scorecard
- Continued dialogue with initiative/project partners on management and optimisation

- [Slide 27](#)
- [Slide 29](#)
- [Annex 3.1](#)

Step 3.1

EVALUATE INVESTMENT AND INITIATIVE/PROJECT ENGAGEMENT OPTIONS

What do you need to do?

- Share the initiative/project and stakeholder assessment with the Diageo global water team. Discuss the outcomes of the assessment, as well as the discussions with lead initiative/project partners that you contacted.
- Determine a path forwards for your site in terms of Diageo financial and non-financial engagement with the initiative/project (consider, for example, which engagement is time- vs. cost-intensive? Which engagement has the highest-scale impact?).

FINANCIAL ENGAGEMENT

- There will be annual funding at the market level which is earmarked for collective action.
- This funding can be either **unrestricted core funding** (for a multi-dimensional initiative) or **project-specific funding** (for a specific project within the initiative or an individual project).
- The initiative/project must have undergone due diligence (Steps [2.2](#), [2.3](#)) as a requirement prior to investment in an initiative/project or organisation. This must be discussed with Diageo's global water team.

NON-FINANCIAL ENGAGEMENT

Engagement in collective action initiatives/projects should go beyond funding and monitoring, and can include the following:

Types of corporate engagement	Description	Company benefits
Advocacy	Companies making government contacts or advocating for policies or recruiting additional investments from public entities or other companies	<ul style="list-style-type: none"> • Management of shared water challenges/risks • Connections to local partners • Local/regional/international recognition • Volumetric water benefits, as well as potential additional impacts (e.g. number of trees planted, hectares restored, etc.)
In kind	Companies contributing hydrologic expertise, equipment, value chain access (access to farmers/suppliers), data, providing office space to convene meetings	
Champions and volunteers	Companies recruiting peers, serving on boards	
Marketing and communication	Engage consumers to promote conservation awareness; communicate in the basin about the collective action	

Step 3.2

ESTABLISH AND FORMALISE DIAGEO'S ROLE IN THE INITIATIVE/PROJECT

What do you need to do?

- Set up and formalise Diageo's partnership with the initiative/project through drafting an MoU (or reviewing and signing an existing MOU).
- The MOU will act as a reference point for the collective action plan and outline how partners will work together and evaluate the impact of the project.

EXAMPLE ELEMENTS OF THE MOU (template may also be provided by the partner of the initiative)

Setting goals	<ul style="list-style-type: none"> • What objectives do you want the partnership to achieve?
Roles	<ul style="list-style-type: none"> • Who is involved and what are they responsible for? • How will responsibilities be agreed and tracked?
Scope	<ul style="list-style-type: none"> • Where will the partnership be implemented (e.g. locally, nationally)?
Financing	<ul style="list-style-type: none"> • How will the partnership be financed? • If necessary, what is the strategy for securing additional funding as the partnership matures? • At what frequency does funding get renewed? Annual funding? One-off? • What are the funding goals in order to scale impact?
Governance	<ul style="list-style-type: none"> • How will decisions be made?
Agreeing timetables	<ul style="list-style-type: none"> • What timetables are critical to ensuring success?
Communicating success	<ul style="list-style-type: none"> • How will progress be communicated to stakeholders? • How can Diageo communicate the initiative?
Monitoring and evaluation	<ul style="list-style-type: none"> • How will the partnership be assessed? • How is the impact of the initiative/project monitored and reported on?
Long-term planning	<ul style="list-style-type: none"> • Is there a plan for scaling the partnership? How long will the partnership last?

Step
3.3

SET UP FOR LONG-TERM SUCCESS: MONITORING AND REPORTING DIAGEO'S INVOLVEMENT IN COLLECTIVE ACTION

What do you need to do?

- Familiarise yourself with the collective action programme management checklist ([slide 28](#)).
- The checklist provides a monitoring and reporting framework for your site's collective action engagement, and will support you in **tracking your progress** toward identifying, engaging and getting involved in an existing initiative/project.
- The checklist may be used as a **market collective action monitoring and reporting guidance**. It provides:
 - Monitoring categories, which group key steps in the collective action implementation progress;
 - Collective action indicators, which list key indicators that should be achieved to progress in collective action engagement;
 - Evidence of action, which provides examples of what evidence can be used to support achieving an indicator (evidence of action is not required to be submitted to non-financial reporting, rather should be used within the sites collective action working group to monitor and report on their own progress.
- Completing the monitoring and reporting framework ([slide 28](#)) will help you prepare for reporting your collective action progress within your quarterly Market Reporting Template ([slide 29](#) shows what the water collective action section of the Market Reporting Template looks like).
- Read through the below listed tips for managing and optimising collective action in the mid- to long-term (e.g. after the first year, once Diageo's involvement has been formalised and set-up).

TIPS FOR MANAGING AND OPTIMISING COLLECTIVE ACTION

- ☐ Ensure that the initiative/project's annual report includes an **optimisation plan** that focuses on the mid- to long-term success of the initiative regarding its impact and scale
- ☐ Actively contribute towards **scaling** the collective action through **advocacy/investor recruitment** and **communication/marketing activities**, thereby ensuring **greater impact** over time
- ☐ Actively contribute to/advocate for the transparent measurement of impact (see [Annex 3.1](#) for examples of indicators used to measure impact). Ensure fair and transparent reporting of impact (claims) made by all involved parties in line with fund allocation within the initiative/project
- ☐ Ensure the collective action is prepared for challenges and risks (e.g. sudden loss of key investor, wildfire, flash floods)

Step 3.3

SET UP FOR LONG-TERM SUCCESS: COLLECTIVE ACTION PROGRAMME MANAGEMENT SUPPORT



no.	Monitoring category	Collective action indicators	Evidence of action can include the following	Action complete?	Comments
1	Preparing for collective action	Identify shared challenges in your site's location and establish a local internal collective action working group (Step 1.3)	Completed template from Step 2.2	Yes	
		Initiative/project assessment (Step 2.1 and 2.2)	Completed initiative/project assessment template (Step 2.2)	No	
		Stakeholder due diligence (Step 2.3)	Completed stakeholder mapping template (Step 2.3)		
		Meet with lead collective action partners of selected initiatives/projects (Step 2.3)	Meeting minutes		
2	Internal stakeholder engagement	Meet with Diageo Global Water team to determine collective action initiative/project and investment/engagement options (Step 3.1)	Meeting minutes		
		Internal funding approval	Written/email statement		
3	Participating in the collective action – year 1	Number of collective action initiative/project meetings attended	Meeting minutes		
		Distribution of funds to collective action initiative/project	Confirmation of funding payment (transfer statement or PO)		
4	Long-term participation in collective action – Year 2 and consecutive years	Formalised participation of Diageo in collective action initiative/project (Step 3.2)	Signed Memorandum of Understanding (MoU) (or other)		
		Quarterly participation/engagement in official multi-stakeholder meetings of collective action initiative	Meeting minutes		
		Annual meeting of local internal collective action working group and global water team to review and discuss progress of Diageo's participation in collective action	Meeting minutes		
		Project funding spend (annual/multi-annual)	Confirmation of funding payment (transfer statement or PO)		
		Annual report on the collective action, outlining the impact of the initiative/project on the basin*	Contribution to and reception of annual report		



Step 3.3 SET UP FOR LONG-TERM SUCCESS COLLECTIVE ACTION SECTION - NON-FINANCIAL MARKET REPORTING TEMPLATE

What you need to do:

- For internal validation purposes, the site's collective action working group needs to **demonstrate** that its **contributions** and **engagement in collective action** comply with a set of indicators. There are three key indicators that highlight a site's involvement in collective action, as well as estimated annual budget spend on collective action (GBP).
- The non-financial market reporting template (example below) will collate information on Diageo's collective action progress for global internal and external non-financial performance reporting, thereby highlighting progress made by markets towards Diageo's investment in collective action across all water stressed markets.
- The market Sustainability Manager should complete the market reporting (template below) on a quarterly basis, utilising the collective action programme management checklist ([slide 28](#)) as input and guidance.

Water Collective Action	Programme Indicator Description	Q1	Q2	Q3	Q4	F22 Full Year Estimate	F22 Annual Target	Estimated Annual budget (GBP)	Opportunities	Risks
	Select from the drop-down list to demonstrate progress towards your Collective Action Initiative: <ul style="list-style-type: none"> 'Yes' if you have delivered the checklist item 'No' if you have not delivered the checklist item If you plan to deliver checklist items in future quarters please make a note in the opportunities and risks columns.									
	1. Attendance and meeting minutes from annual meeting between site collective action working group and global water team									
	2. Diageo formal participation in collective action through signed MOU									
	3. Diageo contribution towards positive basin impact through regular, active engagement and (if possible) published annual collective action project report									

DIAGEO

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LIST OF ACRONYMS

AWS Alliance for Water Stewardship

IWaSP International Water Stewardship Programme

LuWSI Lusaka Water Security Initiative

MoU Memorandum of Understanding

NGO Non-Governmental Organisation

SDG Sustainable Development Goal

TNC The Nature Conservancy

US EPA United States Environmental Protection Agency

WASH water, sanitation and hygiene

WBCSD World Business Council for Sustainable Development

WRI World Resources Institute

WSI Water Stewardship Initiative

WWF World Wide Fund for Nature

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Annex 4.1	INITIATING COLLECTIVE ACTION
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ANNEX 1:

SUPPLEMENTARY INFORMATION FOR STEP 1

‘PREPARING FOR COLLECTIVE ACTION’

ANNEX 1.1: PRINCIPLES FOR EFFECTIVE COLLECTIVE ACTION

Principles	What it means
Advance sustainable water management	Responsible corporate engagement in water policy must be motivated by a genuine interest in furthering efficient, equitable and ecologically sustainable water management.
Respect public and private roles	Responsible corporate engagement in water policy entails ensuring that activities do not infringe upon, but rather support, the government's mandate and responsibilities to develop and implement water policy. Acting consistently with this principle includes business commitment to work within a well-regulated (and enforced) environment.
Strive for inclusiveness and partnerships	Responsible engagement in water policy promotes inclusiveness, and equitable, genuine, and meaningful partnerships across a wide range of interests.
Be pragmatic, and consider integrated engagement	Responsible engagement in water policy proceeds in a coherent manner that recognises the interconnectedness between water and many other policy arenas. It is a proactive approach, rather than responsive to events, and is cognisant of, and sensitive to, the environmental, social, cultural and political contexts within which it takes place.
Be accountable and transparent	Companies engaged in responsible water policy are fully transparent and accountable for their role in a way that ensures alignment with sustainable water management and promotes trust among stakeholders.

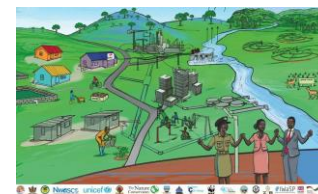
Further resources on how the principles are applied in water stewardship projects can be found in [Annex 1.3](#). The following resources are particularly recommended:

- CEO Water Mandate Guide to Responsible Business Engagement with Water Policy
- Appendix E of CEO Water Mandate Guide to Water Related Collective Action

ANNEX 1.2: CASE STUDIES OF EFFECTIVE COLLECTIVE ACTION

Case study 1: Lusaka Water Security Initiative (LuWSI), Zambia

What are the water challenge(s)?	<ul style="list-style-type: none"> Lusaka's communities suffer from recurring water shortages, floods and water-borne diseases like cholera; businesses constantly suffer from issues of water shortages, which is causing some water-intensive companies to consider relocating out of the city.
What is the objective?	<ul style="list-style-type: none"> Improve water security for Luksaka's residents and businesses.
Who were the partners?	<ul style="list-style-type: none"> Multi-stakeholder partnership LuWSI pooled together resources from 16 different public sector, businesses, civil society and international actors such as GIZ, United Nations International Children's Emergency Fund (UNICEF), various government municipalities of Lusaka City Council, The Nature Conservancy, and WWF.
What were the key area of collective action?	<ul style="list-style-type: none"> LuWSI collectively assesses, monitors and prioritises water security threats and solutions. Action focuses on five areas: 1) groundwater pollution prevention through resource protection and improved sanitation; 2) sustainable groundwater exploitation; 3) sustainable water management in the Kafue River basin; 4) access to water supply and sanitation services in an expanding city; 5) school education and community awareness-raising project on important topics such as solid waste management, sanitation and appropriate health and hygiene practices.
What was the key outcome/success	<ul style="list-style-type: none"> A well-field protection project, a partnership that seeks to protect two of Lusaka Water and Sewerage Company's critical borehole sites from encroachment, pollution and over-extraction.
How were collective action approaches applied?	<ul style="list-style-type: none"> Assessed water risks collectively with multi-stakeholders was a necessary step in partnership building. Aligned vision of what the initiative will achieve and a clear governance structure (see point below). Established multi-stakeholder platform with shared responsibilities where chairs of subcommittees and task teams take their role seriously and ensure that all partners understand their different roles and responsibilities.
Links	<ul style="list-style-type: none"> Lusaka Water Initiative lWaSP Lusaka



ANNEX 1.2: CASE STUDIES OF EFFECTIVE COLLECTIVE ACTION

Case study 2: Coca-Cola's Partnership to Improve Water Quality for the Mesoamerican Reef Catchments, Guatemala

What are the water challenge(s)?	<ul style="list-style-type: none"> In the Mesoamerican Reef Catchments, sediments and effluents from human activities in the adjoining basins of the Motagua and Polochic Rivers in Guatemala were threatening the water quality throughout the basin, as well as in the reef itself. In the valleys and flatter regions of Guatemala and Honduras, wastewater from factories, large-scale farms and communities carries harmful pollutants out towards the reef. Higher up, in the foothills and mountains, poor farming techniques increase soil erosion, burdening the waterways with excess sediment that chokes the corals and spurs harmful algae growth. These water resources are essential to 500 communities, two hydroelectric projects, numerous agricultural irrigation systems, cattle ranching, and industries including a Coca-Cola bottler, ABASA.
What is the objective?	<ul style="list-style-type: none"> Harmonise development with a healthy marine ecosystem.
Who were the partners?	<ul style="list-style-type: none"> Coca-Cola Company, WWF International, WWF Guatemala, ABASA staff, Care International, 11 local community groups.
What was the key area of collective action?	<ul style="list-style-type: none"> Provide access to available financial and technical assistance and other resources in order to develop a battery of conservation initiatives in key sub-basins. Cervecería Hondureña is a franchised Coca-Cola bottling plant that conducted awareness-raising activities among employees about the need to reduce water consumption and become more water-efficient, in combination with investments, like replacing machinery along production lines to improve water efficiency. Farmers were involved in adopting sustainable agricultural practices, transitioning to higher-income-generating activities, or participating in reforestation and basin protection activities.
What was the key outcome/success	<ul style="list-style-type: none"> At project start, the plant's water efficiency index was 2.37, meaning it used 2.37 litres of water for every litre of finished beverage it produced. By 2012, the index had fallen to 1.93. 11 local farming communities were reached.
How were collective action approaches applied?	<ul style="list-style-type: none"> Clear articulation of roles and responsibilities based on each partner's strengths: <ul style="list-style-type: none"> Coca-Cola Company participates as a full partner with local and international NGOs in the planning and management of these interventions. WWF and CARE are responsible for delivering technical assistance and other services at the local level. Educated and ensured local communities had a stake in the collective action strategies and outcomes.
Links	<ul style="list-style-type: none"> Coca-Cola and WWF Annual Partnership Review



ANNEX 1.2: CASE STUDIES OF EFFECTIVE COLLECTIVE ACTION

Case study 3: Ab InBev (ambev) CYAN Movement of building local capacity for basin stewardship in the Corumba-Paranoa basin, Brazil

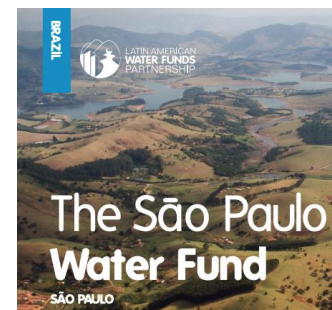
What are the water challenge(s)?	<ul style="list-style-type: none"> The region lacked a water basin committee that could serve as a key driver of local water governance in Brazil. Ab InBev wanted to address the social misconception that the severely degraded river basin in the community was caused by its presence. The site was also Ab InBev's primary source of water for its brewery.
What is the objective?	<ul style="list-style-type: none"> To bring together local communities, employees, government agencies and other stakeholders to preserve and recover springs, aquifer headwater and replenishment areas.
Who were the partners?	<ul style="list-style-type: none"> University of Sao Paulo, local bank, and WWF.
What was the key area of collective action?	<ul style="list-style-type: none"> Partnership with the University of São Paulo to calculate 'hydrological footprints'. Sponsorship of the mega-exhibition 'Water' at the Oca Pavilion in Ibirapuera Park in São Paulo – open to the public for one year. The CYAN Bank project, which seeks to engage consumers online to raise awareness of sound water management practices and to encourage them (through incentives such as discounts from online retailers) to lower water consumption levels.
What was the key outcome/success	<ul style="list-style-type: none"> Created basin restoration plan with actions that included environmental education, ecological restoration (planting of more than 5,700 saplings), conservation practices and Payment for Environmental Services. Improved local water management capacity (helped establish Water Catchment Committee). Engaged more than 8,000 community and employees over three years in training and conservation.
How were collective action approaches applied?	<ul style="list-style-type: none"> Priority was given to building local capacity through implementing a model where decision-making centres on project partners – this allows Ab InBev to hand over the project to local partners as they transition from being a key driver to supporting partner.
Links	<ul style="list-style-type: none"> Water Action Hub – Cyan Movement Ambev's Cyan Movement in the Corumbá Parano basin Watershed Protection – the Cyan Movement Ab InBev case study



ANNEX 1.2: CASE STUDIES OF EFFECTIVE COLLECTIVE ACTION

Case study 4: The Nature Conservancy (TNC) Sao Paulo Water Fund

What are the water challenge(s)?	<ul style="list-style-type: none"> São Paulo's most important basins – the Piracicaba, Capivari, Jundiaí and Upper Tiete – have experienced severe deforestation that worsens water pollution, fills reservoirs more quickly with eroded soil, and increases the severity of floods and droughts.
What is the objective?	<ul style="list-style-type: none"> Establish and implement a Public Policy Initiative for the Conservation and Recovery of Water Resources in the Strategic Projects, so that it can be replicated along the Piracicaba, Capivari and Jundiaí river basins to increase water security. Restore 12,000 hectares of Atlantic Forest in sensitive areas by working with local communities. Implement soil conservation practices in 4,000 hectares in sensitive agricultural areas. Conserve 67,000 hectares of forest critical to basins' ecosystem health.
Who were the partners?	<ul style="list-style-type: none"> Green-Blue Water Coalition (TNC initiative with key Brazilian companies from different sectors and civil society). Partners include: Ambev, Coca-Cola FEMSA, PepsiCo, FEMSA Foundation and Klabin. Sao Paulo Water Fund – an initiative between the Inter-American Development Bank, FEMSA Foundation and Global Environment Facility.
What was the key area of collective action?	<ul style="list-style-type: none"> Nature-based solutions: agricultural best management practices; restoring forests. Building local capacity: mobilisation of key actors (govt + companies + farmers), strengthening of municipalities. Financing: Sao Paulo Water Fund established by Blue-Green Coalition and supported by Sao Paulo government (via Springs Program); uses technology to map out intervention areas and incentivises local actors via Payment for Ecosystem Services.
What was the key outcome/success	<ul style="list-style-type: none"> Operates on 30,000 hectares, benefiting more than 2,500 families. 14,041 hectares of priority areas conserved, restored or under better land management practices USD 61.8 million investment in project
How were collective action approaches applied?	<ul style="list-style-type: none"> Cost/budget of collective action is shared equally amongst local utility (watershed agency), TNC and private companies Established a coalition of public-private actors (Green Blue Water Coalition) who are equally motivated to engage in collective action
Links	<ul style="list-style-type: none"> The São Paulo Water Fund http://cidadespelaagua.com.br/en/lp-en/



ANNEX 1.3: YOUR KEY RESOURCES – GUIDANCE DOCUMENTS

Resources	Description	Link
CEO Water Mandate Guide to Water Related Collective Action	<ul style="list-style-type: none"> Five-step process designed to support the internal company discussion of and required analysis needed to define collective action needs and intentions in a manner that leaves the company well-prepared to initiate external-party discussions and collective action activities. The first four steps are the most relevant. Collective action implementation step-by-step guide. Core resource. 	<u>CEO Water Mandate Guide to Water Related Collective Action</u>
Alliance for Water Stewardship 2.0 Standard	<ul style="list-style-type: none"> A framework that helps actors achieve a higher level of water stewardship status and promote continual improvement. Its implementation is intended to achieve five outcomes of good water governance, sustainable water balance, water quality, WASH goals and important water-related areas. The mapping exercises of step 1 “gather and understand” in the standard can inform the collective action implementation process. 	<u>Alliance for Water Stewardship 2.0 Standard</u>
CEO Water Mandate Guide to Responsible Business Engagement with Water Policy	<ul style="list-style-type: none"> Based on five principles that, when applied to water-related collective actions, will bolster the credibility and effectiveness of a company’s collective action engagements. Core resource. 	<u>CEO Water Mandate Guide to Responsible Business Engagement with Water Policy</u>
International Water Stewardship Programme (IWaSP) Annual Report 2018/2019	<ul style="list-style-type: none"> Useful case studies of effective collective action for water stewardship. 	<u>IWaSP Annual Report 2018/2019</u>

ANNEX 1.3: YOUR KEY RESOURCES – GUIDANCE DOCUMENTS

Resources	Description	Link
IWaSP Water Risk & Action Framework	<ul style="list-style-type: none"> An holistic approach developed by IWaSP to tackle shared water risks in a participative manner on a basin level. It is a series of facilitated steps, skills development measures and tailored tools provided for the whole IWaSP partnership lifecycle. Considerations in each phase of a water stewardship lifecycle (from initiation to scale). 	<u>IWaSP</u>
CEO Water Mandate Guide for Managing Integrity in Water Stewardship Initiatives (WSI)	<ul style="list-style-type: none"> Outlines 15 WSI risks that can undermine the integrity of a water stewardship project and integrity principles that can be applied to the lifecycle of a WSI project. 	<u>CEO Water Mandate Guide</u>
Deloitte Review Issue 16 (Water as a shared challenge: From societal expectations to collective action)	<ul style="list-style-type: none"> Outlines the benefits of collective action. Demonstrates how collective action can be applied to WASH projects. 	<u>Deloitte Review Issue 16</u>
Coca-Cola: Partnering to Protect Our Freshwater Resources Annual Review 2013	<ul style="list-style-type: none"> Case studies from Coca-Cola company with its main NGO, WWF, on effective collective action in 11 key regions. 	<u>Coca-Cola Annual Review</u>

ANNEX 1.4: ADDITIONAL TOOLS TO SUPPORT IMPLEMENTATION OF COLLECTIVE ACTION

Resources	Description	Link
Local water resources regulator or environment agency	Obtain this information through your local environmental agency website or by reaching out to a government agency	Varies by location
Joint Monitoring Program (2019)	Extensive global database for comparable estimates of WASH progress on a national, regional and global level	Joint Monitoring Program
TNC's Water Funds Toolbox (2019)	Guidance document on five-step process for developing a Water Fund (see Water Fund Field Guide), and convenor of Water Fund Network where members collaborate on projects/shared opportunities	TNC Water Funds Toolbox Water Funds Field Guide
US Environmental Protection Agency (EPA) Conducting Source Water Assessments (2018)	Guidance on how to safeguard and improve source water quality for current and future use	US EPA Conducting Source Water Assessments
WRI Aqueduct Water Risk Atlas (Version 3.0, 2019)	Map and analyse current and future water risks across locations	WRI Aqueduct Water Risk Atlas
BIER, Performance in Watershed Context (2015)	Decision support process to assist companies with making more informed water-related investments across a portfolio of operational sites	BIER, Performance in Watershed Context
CEO Water Mandate's Water Action Hub	Online platform that assists organisations with identifying potential collaborators to improve water management in regions of critical strategic interest	Water Action Hub
Diageo's Priority basin Mapping	Mapping of priority water-stressed Diageo basins	Refer to slide 5 or contact the Diageo Global Water team
TNC Guide on Water Fund	Guidance on the importance of Water Fund in Collective Action and how to establish one	TNC Water Fund

ANNEX 2:

SUPPLEMENTARY INFORMATION FOR STEP 2

‘MAPPING AND RELATIONSHIP BUILDING’

ANNEX 2.1: KEY STAKEHOLDERS ENGAGED IN COLLECTIVE ACTION (NON-EXHAUSTIVE)

Name of stakeholder	Type of stakeholder	Value in collective action
Agua Capital	Mexican Water Fund organisation comprising multi-stakeholders (civil society, foundation, private sector and academia) who drive collective action around nature-based solutions. Also a member of Latin American Alliance of Water Funds.	Projects are mostly in Mexico, but there could be leverage across Latin America through the Latin American Alliance of Water Funds.
Avina Foundation	Avina is a regional non-profit organisation with a mandate to support sustainable development in the Latin American region. Its regional programmes focus on two broad themes: climate change and the economy. Avina's vision for the future: by 2030 the universalisation of sustainable access to water and sanitation will have been achieved in the context of climate change.	Active in Brazil and LATAM with more than 20 years of experience in collaborative processes, including in programmes on access to water.
FEMSA Foundation	FEMSA works with more than 250 partners in 18 countries, with whom it seeks to identify, replicate and scale innovative solutions and approaches. The Latin American Water Fund Partnership emerged as a joint effort between the Inter-American Development Bank, FEMSA Foundation, Global Environment Facility and TNC.	Contact local chapters to identify opportunities for collaboration.
UN Global Compact	Platform that provides best practices, resources and platforms to help companies achieve the goals of sustainable development. Water stewardship is a key focus area for the CEO Water Mandate (a coalition of corporate companies committed to sustainable water stewardship).	Contact local chapters of UN Global Compact/CEO Water Mandate to identify opportunities for collaboration.
The Nature Conservancy (TNC)	International NGO working on water stewardship, which has set up several successful collective action water stewardship initiatives globally, including the Blue-Green Coalition in Brazil.	Programmes on sustainable agriculture water stewardship practices, water funds, management of natural forest resources.
The Conservation Fund	American NGO that has a water conservation programme focusing on wetland and basin conservation, water quality, aquaculture.	Provide expertise in and insights into stakeholder management of wetland and basin conservation type initiatives.



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ANNEX 2.1: KEY STAKEHOLDERS ENGAGED IN COLLECTIVE ACTION (NON-EXHAUSTIVE)

Name of stakeholder	Type of stakeholder	Value in collective action
<u>Water Resilience Coalition</u>	Multi-stakeholder platform formed by CEOs of seven major global companies and the UN Global Compact's CEO Water Mandate.	Provide guidance materials on how to set up collective action and access to companies who have pledged to work through to address basin challenges through collective action.
<u>Water for People</u>	International NGO focused on WASH initiatives. Active in nine countries: Bolivia, Peru, Guatemala, Honduras, Nicaragua, India, Malawi, Rwanda, Uganda.	Potential for exploring possible initiatives in the nine countries where the NGO is already operational.
<u>Water Fund Network</u>	Water Fund Network network of community experts working to advance source water protection.	Search Regional Water Fund Networks – the Water Funds for Africa Network formed in February 2019.
<u>World Wildlife Fund (WWF)</u>	International NGO that works with global leaders on collective action initiatives.	A key implementation partner of the BIER industry in its collective action programmes (e.g. Coca-Cola and AbinBev). Often has local presence on the ground, or able to establish relationships with local NGO partners.
<u>World Business Council for Sustainable Development (WBCSD)</u>	Multi-stakeholder platform that helps companies move from water risk assessment to the implementation of collaborative response strategies within and outside their fence. Provides useful tools such as GIS Global Water Tool which allows companies to identify corporate water risks and opportunities.	Contact local chapter of WBCSD to get an update on opportunities for collaborating on collective action initiatives.
<u>Water Resource Group</u>	2030 Water Resources Group creates neutral and highly structured platforms for leaders and institutions to work together towards water security and collective action.	10 multi-stakeholder platforms launched globally; 505 partners mobilised in-country from the public sector, private sector, civil society, academia, and development agencies; 53 priority areas identified across country programmes; 35 programmes with preparatory arrangements finalized; 14 programmes under implementation.
<u>Water.org</u>	International NGO focused on improving access to safe water and sanitation.	WASH projects have empowered more than 33 million people in 13 countries.
<u>WaterAid</u>	International NGO focused on WASH.	WASH projects.



ANNEX 2.2: IDENTIFY COLLECTIVE ACTION ACTIVITY TO ADDRESS CATCHMENT WATER CHALLENGES

This is a non-exhaustive list of potential water stewardship interventions that are included in collective action initiatives to help address basin water challenges. Water risks identified in Diageo's priority basin analysis have been linked to interventions that address those risks. The question of whether an intervention is eligible for measuring replenishment was also explored.

Water challenge	Water stewardship category	Water stewardship intervention	Description	Water risks* addressed through intervention <i>(identified in priority basin work)</i>	Intervention eligible for replenishment**
Water overallocation	Water availability	Agricultural water demand reduction measures	Conversion from flood to drip irrigation, variable rate irrigation, advanced irrigation scheduling, soil improvements, crop conversion and fallowing to reduce irrigation need	<ul style="list-style-type: none">Baseline water stressDrought risk	X
Water supply unreliable		Leakage repair	Detection and repair of leaks in distribution systems or buildings		X
		Infrastructure finance, development, operation or maintenance (e.g. efficiency measures, new water supply for crop irrigation)	Reduced direct water use, pipes, canals and other infrastructure to deliver water, including reused water		X
		Rainwater harvesting	Infrastructure designed to capture and retain water during the wet season and enhance water availability		X
Water quality deterioration	Water quality	Constructed wetland treatment systems	Systems placed on agricultural landscapes and in urban areas	<ul style="list-style-type: none">Untreated connected wastewaterCoastal eutrophication potential	X
		Wastewater treatment plants	Facilities designed to remove pollutants from wastewater discharge	<ul style="list-style-type: none">Untreated connected wastewater	X
		Sustainable agriculture	Conservation tillage, laser leveling, cover crops, improved agrochemical management	<ul style="list-style-type: none">Coastal eutrophication potential	X
Flood damage		Stormwater management and flood control	Green infrastructure including detention ponds, bio-swales, permeable pavement, rain gardens, river bank restoration and other measures that reduce impervious area	<ul style="list-style-type: none">Coastal eutrophication potential	X

ANNEX 2.2: IDENTIFY COLLECTIVE ACTION ACTIVITY TO ADDRESS CATCHMENT WATER CHALLENGES

This is a non-exhaustive list of potential water stewardship interventions that are included in collective action initiatives to help address basin water challenges. Water risks identified in Diageo's priority basin analysis have been linked to interventions that address those risks. The question of whether an intervention is eligible for measuring replenishment was also explored.

Water challenge	Water stewardship category	Water stewardship intervention	Description	Water risks* addressed through intervention (identified in priority basin work)	Eligible for replenishment goal**
Water access	WASH	Community level access to WASH	Well construction or rehabilitation, water distribution, water treatment, rainwater harvesting.	<ul style="list-style-type: none"> Unimproved/no drinking water Unimproved/no sanitation 	X
Ecosystem degradation	Ecosystem restoration	Wetlands protection	Prevention of draining or alteration.	<ul style="list-style-type: none"> Baseline water stress Drought risk Coastal eutrophication potential 	X
		Wetlands restoration and creation	Rewetting of historical wetland, invasive species removal, tile drain removal, wetland creation.		X
		Land conservation (protection and preservation)	Protection of land from conversion to a more degraded use. Development and diversification of sustainable livelihoods.		X
		Land cover restoration	Restoration to improve vegetative health and cover, including reforestation (tree planting in large deforested areas and riparian buffers, thinning of monoculture forests, agroforestry, rotational grazing, prairie and other grassland restoration, invasive species removal, fencing).		X
Poor basin governance	Advocacy	Monitoring and knowledge sharing	Ensuring that all basin stakeholders have the necessary information to understand challenges and interventions.	Indirect impact on all risk categories	
		Engaging in participatory platforms	Stakeholders formally organise themselves to work collaboratively on shared challenges affecting the basin.		
		Public awareness and education	Raising awareness on critical issues such as WASH, water conservation, and habitat protection for communities living around the basin.		
	Governance	Improved water governance and policy development	Legal mechanisms to protect land from development or conversion to a more degraded use or more equitable allocation system.		(X)

ANNEX 3:

SUPPLEMENTARY INFORMATION FOR STEP 3

“ENGAGEMENT AND MONITORING”

ANNEX 3.1: EXAMPLE INDICATORS TO REPORT ON COLLECTIVE ACTION CATCHMENT IMPACT

- The indicators below serve as a guide to the type of indicators that can be used to demonstrate the impact and success of a collective action initiative in your basin. These indicators are extracted from the SDGs. Click on each indicator for further details.
- Ensure the annual report on the collective action initiative is inclusive of these (or similar) indicators in order to track success and progress.
- Refer to the link below for understanding how a typical collective action initiative reports on its outcomes and success:
 - [International Water Stewardship Programme Annual Report](#)

Water challenge	SDG Indicators
Access to WASH	6.1.1 – Proportion of population using safely managed drinking water services
	6.2.1a - Proportion of the population in South Africa using a safely managed sanitation service
	6.2.1b - Proportion of the population that have access to a basic handwashing facility
Water quantity	6.4.2 – Level of water stress: freshwater withdrawal as a proportion of available freshwater resources
	6.4.1 – Change in water use efficiency over time
Water quality	6.3.1 – Proportion of domestic and industrial wastewater flow safely treated
	6.3.2 – Proportion of bodies of water with good ambient water quality
Important water-related areas	6.6.1 – Change in the extent of water-related ecosystems over time
Water governance	6.5.1 – Degree of integrated water resources management implementation (0-100)
	6.5.2 – Proportion of transboundary basin area with an operational arrangement for water cooperation
	6.a.1 – Amount of water- and sanitation-related official development assistance that is part of a government-coordinated spending plan
	6.b.1 – Proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management

ANNEX 4: INITIATING COLLECTIVE ACTION

ANNEX 4.1: INITIATING COLLECTIVE ACTION

Refer to the step below for initiating the development of a collective action project if there are no ongoing initiatives/projects in your basin. The below steps are in alignment with the [CEO Water Mandate Guide to Water-related Collective Action](#). Please refer to this document for further details.

	Step 1 Set up an internal working group. Identify and agree on basin challenges faced by your Diageo site	Step 2 Identify and characterise prospective participants	Step 3 Seek support from a suitable stakeholder to lead the development of the initiative/project	Step 4 Design Diageo's collective action engagement	Step 5 Structuring and managing collective action
Activity Resources	<ul style="list-style-type: none"> Site sustainability managers set up a cross-functional internal working group. Ref: Step 1.3 of this guide Review and agree on shared basin challenges. Ref: Step 1.2 of this guide Agree on purpose of engagement and desired outcome of engagement 	<ul style="list-style-type: none"> Conduct desktop research by leveraging the tools and resources outlined in Annex 2.1 of this guide to identify potential stakeholders in your basin Refer to the CEO Water Mandate Guide to Water-related Collective Action for a six-point analysis of how to identify and characterise interested parties 	<ul style="list-style-type: none"> Seek support from a suitable neutral organisation (NGOs and/or development organisations) to lead the development of collective action and manage/work with local NGOs/organisations Conduct a due diligence on the identified organisation by completing the template in Step 2.3 	<ul style="list-style-type: none"> Ref: Annex 2.2 of this guide for a list of intervention activities that can address shared water challenges Together with other key stakeholders identified in Steps 2 & 3, determine relevant collective action activities to address shared water challenges. Determine Diageo's added value Identify core roles and participation 	<ul style="list-style-type: none"> Refer to CEO Water Mandate Guide to Water-related Collective Action for a list of characteristics of effective collective action. Ensure that the collective action governance structure you create fulfils these characteristics
Output/ Outcome	<ul style="list-style-type: none"> Set up cross-functional working group Purpose of engagement Agree on shared basin challenges 	<ul style="list-style-type: none"> List of potential stakeholders and how they could engage in collective action with Diageo 	<ul style="list-style-type: none"> Engage with a suitable neutral organisation to lead the design and management of the collective action 	<ul style="list-style-type: none"> Defined collective action activities A list of action areas and identified roles and responsibilities 	<ul style="list-style-type: none"> Ensure that governance structure is in line with the characteristics of effective collective action



Tip: The approach outlined in this step ensures that the collective action is aligned with existing global principles, efforts and experiences around collective action for water stewardship. Note that collective action mobilisation efforts can take time, especially when engaging with local water authorities.

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