

# Volumetric Water Benefit Accounting 2.0

Development of additional principles, terms, and best practices for reporting the volumetric benefits of water stewardship activities

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## Introduction

A generation of corporate volumetric water goals is well into the implementation phase, and there have been some key lessons from the early leaders. The first is that there is a need for vetted pathways to deliver against these goals and standardized, consistent guidelines for companies to follow when reporting the benefits of water stewardship projects that provide guardrails to ensure credibility of claims. Current Volumetric Water Benefit Accounting (VWBA) guidance (VWBA 1.0) provides general programmatic principles but does not include details, such as project eligibility to generate volumetric water benefits (VWBs) and guidance on how companies can credibly claim, track, and report VWBs. Second, increased demand for more ambitious enterprise and value-chain goals requires clear and defensible principles on accounting and allocating the benefits of collective action projects. Third, with the scope of water challenges that we face, detailed guidance is needed to incentivize companies toward more transformational solutions that enable additional benefits or catalyze new opportunities.

In response, the World Resources Institute (WRI), LimnoTech, Bluerisk, and Bonneville Environmental Foundation (BEF) have partnered to develop an update to VWBA. We are releasing a series of five installments on a rolling basis during 2023 and are seeking feedback from corporate water stewardship practitioners and experts. Each installment covers a specific topic and provides recommendations based on experiences and insights gleaned from implementing water stewardship strategies, programs, projects, and activities. **These installments are draft interim products** to later be consolidated in a formal update to VWBA. The installments include the following components:

1. **Project eligibility criteria and selection considerations**, including
  - project eligibility criteria that are essential for a project to generate a VWB and
  - project selection considerations that support the identification, ranking, and selection of projects with a capacity to generate VWBs.
2. **Principles for making credible VWB claims** (including expectations for duration and attribution of claims), resulting from
  - activities funded by a single entity,
  - activities funded collaboratively by two or more entities, and
  - enabling projects or initiatives.
3. **Principles for VWB tracking and reporting**, including
  - evaluation and reporting of project viability, frequency, techniques, and documentation and
  - considerations around project variability.
4. **Updated VWB calculation methods**, including
  - new activities and methods and
  - guidance on how to apply each method to ensure consistent, credible, and trusted results across any activity type.
5. **Enabled VWBs guidance**, including
  - definition of Enabled VWBs,
  - principles for making Enabled VWB claims, and
  - principles for tracking and reporting Enabled VWBs.

Please note that Installments 1–4 provide guidance pertaining to Direct VWBs, which are VWBs resulting from a company’s direct contribution to an activity and proportional attribution of benefits. Guidance around the emerging concept of Enabled VWBs will be covered in Installment 5.

The information provided in this document reflects best practices in corporate water stewardship, drawing from years of project team and corporate partner expertise. The document will have linkages and synergies with other guidance and reporting efforts, including but not limited to Freshwater Science-Based Targets (SBTs), the Water Resilience Coalition (WRC) commitment to Net Positive Water Impact (NPWI), Water Quality Benefit Accounting (WQBA), Wash4Work’s Standardized Accounting Method for the Co-Benefits of WASH, the Alliance for Water Stewardship (AWS) Standard, and others. More information on these linkages will be referenced in the updated VWBA 2.0 publication where appropriate.

The document is not a prescriptive standard; it contains voluntary guidance intended to assist companies in making well-founded and substantiated water stewardship claims that reflect genuine efforts to reduce environmental impacts and promote sustainable practices and outcomes. Companies are also encouraged to consider their environmental impact and social responsibilities beyond the scope of this document’s guidance. In other words, the application of this guidance should complement sustainable and just business strategies and water resource-management commitments that consider current and future water risks and impacts.

## Process

The work is being conducted in two primary phases with funding from 14 corporate partners:

### **PHASE 1: Develop Installment Documents (January–December 2023)**

The installments are led by LimnoTech, Bluerisk, and BEF. Drawing from project team expertise and insights from corporate partners, the project team documented the key problem, root cause, desired outcome, and success criteria for each installment. The team then conducted a series of three in-person working sessions to align on technical details to be included in each installment and actively develop document content. The drafts are shared with corporate partners and other technical experts for initial review and feedback and are being published on a rolling basis.

### **PHASE 2: Synthesize Installments and Publish VWBA 2.0 (January 2024–July 2024)**

Once all installments are released, WRI will consolidate them into an updated VWBA 2.0 publication and integrate each installment into the flow of the original publication. WRI will simultaneously conduct a formal internal and external peer review of the updated working paper. The project team will refine, expand, and publish VWBA 2.0, based on critiques and recommendations on the installments and during the formal review process. The updated publication will be launched at World Water Week in 2024.

## Installment Overviews

### **Installment 1: Project Eligibility Criteria and Selection Considerations**

**Objective:** Development of a decision framework to provide companies with clean and updated guidance related to selection of effective water stewardship projects that have the potential to generate VWBs.

**Problem Statement:** As more companies are setting replenish, water balance, or similar volumetric goals, companies are seeking clearer criteria that should be met for water stewardship projects to be eligible for a VWB quantification. Lacking this guidance, practitioners are making individual decisions about these types of important programmatic considerations. Guidance on determining project eligibility and considerations for identification, ranking, and selection of projects will provide consistency and assurance to companies that their decisions are aligned with current best practice.

**Desired Outcome:** Clear and comprehensive guidance for identifying, prioritizing, and selecting water stewardship projects based on best practice that is sufficiently flexible to accommodate new activity types that may arise in future years. The guidance includes project eligibility criteria that are essential and project selection considerations that support the identification, ranking, and selection of projects.

### Installment 2: Principles for Making Credible VWB Claims

**Objective:** Development of a set of principles that companies can follow to inform what constitutes a credible VWB claim, while incentivizing projects that address chronic, long-term water challenges and their root cause.

**Problem Statement:** Companies work hard to ensure they are not over-claiming VWBs and to meet their enterprise- and site-level water goals in the desired time frame. However, they lack clear guidance on how to credibly claim VWBs against any type of volumetric water goal, including water replenishment, contextual, or other volumetric water goals for water stewardship projects across the value chain.

**Desired Outcome:** Updated VWBA guidance with clear, practical instructions on how to claim VWBs, including eligibility, duration, and attribution.

### Installment 3: Principles for VWB Tracking and Reporting

**Objective:** Establishment of clear principles to guide evaluation, confirmation, and reporting of project outputs and volumetric benefits that result from corporate investments in diverse and variable projects that address shared water challenges.

**Problem Statement:** Companies contribute to water stewardship efforts based on the expectation that funded projects will produce tangible outputs that lead to outcomes that address shared water challenges and deliver predicted or expected VWBs that companies can claim toward sustainability goals. Companies seek projects where tracking and reporting of project activities can be funded and/or facilitated in a way that provides credible information to substantiate VWB claims and progress against goals.

**Desired Outcome:** Clear guidance to inform efficient and effective project tracking and reporting activities to substantiate Direct VWB claims.

### Installment 4: Updated VWB Calculation Methods

**Objective:** Development of or updates to volumetric water benefit quantification methodologies for several relevant activity types that were not fully addressed in the first VWBA publication.

**Problem Statement:** Additional guidance is needed on how to quantify the VWBs of some activity types that were not fully addressed in the original VWBA publication, and new methodologies are needed for some new activities.

**Desired Outcome:** A set of new and revised indicators and calculation methods for quantifying the VWBs of a range of activity types, as well as a decision framework with clear, overarching principles and processes for indicator and method selection and application. The new and revised indicators and methods are consistent with VWBA principles, updated from the original publication, and are globally applicable.

## Installment 5: Enabled VWBs Guidance

**Objective:** Development of actionable guidance for companies to incorporate Enabled VWBs, a new type of VWB that stimulates early action or sets the stage for collective action in water stewardship programs.

**Problem Statement:** Most corporate water stewardship programs have historically focused on Direct VWBs from a company's direct monetary contribution to water stewardship projects and proportional attribution of the resulting VWBs. However, this model overlooks activities that stimulate the early action required to enable the conditions needed to address pressing water issues at scale or to set the stage for collective action where solutions may require participation from many funders and partners to achieve desired outcomes.

**Desired Outcome:** Clear guidance that explains what Enabled VWBs are, how they differ from Direct VWBs, and how they can be incorporated into different types of water goals, as well as principles following the framework of Installments 2 and 3 on how to claim, track, and report Enabled VWBs.

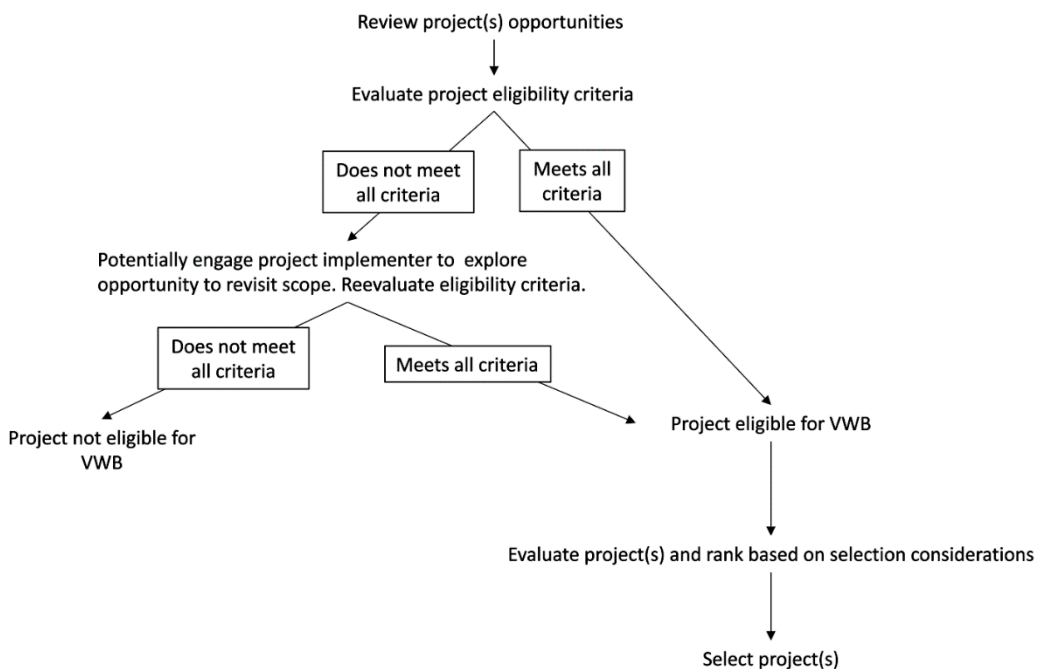
# Installment 1: Project Eligibility Criteria and Selection Considerations

## Introduction

Companies are seeking clear and updated guidance related to the selection of effective water stewardship projects that have the potential to generate quantifiable Volumetric Water Benefits (VWBs) (Reig et al. 2019). To meet this need, a decision framework was developed comprising key criteria and considerations that fall into two categories (Figure 1):

- Project eligibility criteria that are essential, and therefore must be met, for a project to be eligible to generate a quantifiable VWB.
- Project selection considerations that support practitioners in identifying, ranking, and selecting projects based on additional considerations beyond what is covered by the project eligibility criteria. Project selection considerations can strengthen the outcomes of a water stewardship activity but are not required to generate VWBs.

**Figure 1. Flow diagram outlining project selection process.**



Source: Authors.

These criteria and considerations serve as a guidance for companies, and there is no formal auditing process. It will be up to individual companies to apply criteria and considerations in their own decision-making process for VWB project selection. The relevance of individual criteria and considerations may vary based on project scale. For example, it may be more challenging to evaluate all criteria and considerations for transformational projects that involve activities on a very large scale (i.e., 1 million acres of land). Therefore, additional leeway may be appropriate for some criteria, in particular those related to community consultation or identification of potential trade-offs.

## Project Eligibility Criteria

Eligibility criteria are essential elements that must all be met for a project to be eligible to generate a VWB. They intentionally exclude requirements focused on how a VWB claim can be made, which is a topic covered in Installment 2. The primary value is that the eligibility criteria will guide practitioners in selecting relevant projects that exhibit the following characteristics:

- They generate VWBs that are backed by sound and consistent calculation methods and principles that are aligned with best practice.
- They have a contextual basis and deliver value to address shared water challenges beyond a condition that currently exists or would occur without the activity.
- They do not adversely affect one entity to the benefit of another or result in opposition that could lead to reputational risk.
- They do not lead to unintended negative outcomes that are problematic for those who rely on or advocate for the water resource.
- They can be evaluated in future years to ensure that they continue to function as designed and provide a volumetric benefit for the intended duration of VWB claims.

The six VWB eligibility criteria are provided below with a definition and recommendations for how a practitioner can evaluate and determine what is needed to meet the criterion.

### 1. **Established pathway for a quantifiable VWB**

The project modifies the hydrology in a beneficial way and/or helps reduce shared water challenges,<sup>1</sup> and the change can be measured or estimated by comparing with- and without-project conditions according to the VWBA methodology or another method that is aligned with the principles of VWBA.

**How to meet this criterion?** Confirm that the volumetric benefit of the activity can be quantified using a VWBA method (Reig et al. 2019 Appendix A) or another method that is aligned with the principles of VWBA.<sup>2</sup> The correct indicator and calculation method is dependent on appropriately identifying the objective of the activity.

### 2. **Water challenges addressed that are relevant to the catchment or area of interest**

The project addresses one or more shared water challenges present in the catchment or area of interest. Water-related challenges are documented and/or well-understood at the local, community, basin, and/or regional scale and should be relevant to core desires, issues, and/or needs of communities, agencies, tribes, and/or other entities that rely on the water resource.

**How to meet this criterion?** Identify shared water challenges in the catchment or area of interest through mapping of the project site and conducting desktop research of shared water challenges or engaging with the local community or other entities that rely on or advocate for the water resource. The project objective and activity should relate to a relevant shared water challenge.

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<sup>1</sup> Per definition of a VWB from Reig et al. (2019), a VWB may be generated for projects where hydrologic benefits are not the primary focus but the primary objective relates to other shared water challenges such as access, water quality, or ecological function.

<sup>2</sup> To be included in [Installment 4–Updated VWB Calculation Methods](#), the following draft principles are included: (1) The VWB is a quantitative estimate of volumetric output from project activities, not changes in basin state. (2) Indicators and methods are tied to the goals. (3) The VWB applies practical and scientifically defensible methods. (4) The VWB uses conservative inputs and assumptions. (5) The VWB uses a relevant temporal scale of quantification. (6) The VWB compares with- and without-project conditions. (7) The VWB ensures that a unit of water is only counted one time.



### 3. **Internal buy-in and general support from external water resources entities**

The project has positive buy-in internally (e.g., within the company), and there is general support of the proposed activity's hydrologic benefits from external entities, such as communities, agencies, indigenous peoples, or other groups, that rely on or advocate for the water resource.

**How to meet this criterion?** Conduct community consultation or gather evidence through desktop research before starting a project to confirm its relevance for others. The depth of consultation will vary based on the local conditions and may be conducted by implementing partners or entities with local knowledge. If the project is high risk or is located in a region with reputational sensitivity, the consultation may warrant additional attention. Identify and understand any concerns, and consider the implications—who benefits, what values are supported, etc. Work with project implementers to minimize trade-offs. Clearly communicate to interested parties the justification for the decision to support an action.

### 4. **Change delivered beyond the without-project conditions that would not have happened without the activity**

The project delivers positive change and/or prevents a negative impact beyond the without-project condition. Activities that the project sponsor is legally required to conduct do not qualify for VWBs. However, there are situations where the project is legally required to be implemented by the site owner but there is no available capacity or engagement to implement the activity in a way that would produce a positive change beyond a without-project condition.

**How to meet this criterion?** Determine the driver(s) for the activity; and if it is legally required, document the reasons why compliance would not be possible without the project or why the proposed activity provides value beyond the legal requirement. Additional guidance for how to consider project status and duration when making claims is provided in Installment 2—Principles for Making Credible Volumetric Water Benefit (VWB) Claims.

### 5. **Established pathway to track project volumetric outputs**

The project design includes tracking and reporting after project completion. Include a plan for sustained measures that ensure that the project will continue to function as designed for the duration of intended VWB claims or, if desired, for the intended lifetime of the project.

**How to meet this criterion?** Establish a tracking and reporting plan alongside the project implementer during project selection or contracting to ensure the capacity and resources to support future project tracking and reporting with clearly identified outputs and outcomes. Both monetary and human resources may be required. Additional guidance can be found in Installment 3—Principles for VWB Tracking and Reporting.

### 6. **Trade-offs assessed, understood, and minimized**

The project review should consider trade-offs and potential unintended consequences to ensure that projects are sustainable and to minimize adverse and/or unintended outcomes. Review may occur before and/or after project implementation. Examples of potential trade-offs include decreases in farmer yields with changes in practices, reduced vegetation with removal of invasives,

reduced stream base flow with use of reclaimed wastewater, or water access projects that adversely affect one entity to benefit another.

**How to meet this criterion?** Conduct a desktop review, consult others and/or gather technical evidence before starting a project to identify and understand trade-offs and consider their implications. The depth of risk assessment will vary based on the local conditions and project scale. If the project is high risk or is located in a region with reputational sensitivity, this assessment may warrant additional attention. Work with project implementers to minimize trade-offs. Clearly communicate to interested parties the justification for the decision to support an action. Consider additional flexibility for transformational projects that involve large-scale activities where it may be impractical or infeasible to understand all trade-offs.

## Project Selection Considerations

The following considerations can help practitioners identify, prioritize, and select projects that ensure the greatest likelihood of success and contribute to broader social, economic, and environmental outcomes that extend beyond volumetric benefits. These considerations are helpful but not required for a project to generate VWBs. Each consideration is provided below with a definition and description, the value of the consideration, and recommendations for how a practitioner can evaluate an opportunity based on this consideration. Considerations 1 through 5 capture attributes that contribute to the likelihood of success, and considerations 6 through 10 capture attributes that provide added impact or value. The considerations are not listed in order of priority, as each company may weigh the importance of these considerations differently.

### 1. Minimal risk of project failure or underperformance

Consider if the project design is sufficiently robust to generate a VWB over time. Identify potential risks of project failure or underperformance and confirm that measures are in place to address significant risks, including anticipated maintenance or repair needs that may arise.

**Why does the consideration matter?** Projects with a lower risk of failure will have a higher probability of providing beneficial outputs and impacts and will allow practitioners to claim VWBs more confidently over time. Additionally, if a project fails and another funding source is needed for repair, then it may be necessary to revisit the attribution of benefits among funders—that is, original VWB claims may be reduced.

**How to evaluate an opportunity based on this consideration?** Communicate with project implementers to understand project design and assumptions. Updated VWBA 2.0 appendices will provide a resource of potential project failures to consider for a variety of project types.

### 2. Project implementer readiness and capacity

Evaluate the project implementer's readiness to implement a project based on whether it has an identified vehicle for contracting and receiving funding and can confirm that necessary permits, approvals, and planning steps are under way and achievable. Confirm that the project implementer has the capacity to implement the project successfully in terms of staffing, knowledge, authorization, experience with similar projects, and skills. A history of strong relationships with other practitioners who supported VWB project implementation may be another indication of readiness and capacity.

**Why does the consideration matter?** A lack of project implementer readiness and capacity may lead to barriers that prevent or delay project implementation.

**How to evaluate an opportunity based on this consideration?** Consider and confirm the desired traits and conditions just listed.

### 3. Clarity on project costs and cost shares among funders

Confirm the total project cost, individual cost components (discovery, design, construction, long-term maintenance), and individual company contributions to understand if all financing needs are secured; evaluate potential risks of sufficient financing not coming through; and identify the multiple parties involved. Develop an approach for VWB attribution among multiple funding parties. Communicate with the project implementer to understand whether costs may change in the future.

**Why does the consideration matter?** A lack of clarity on project costs and VWB attribution approach may lead to unanticipated funding gaps, delays in project implementation, or unintended double counting of VWBs. In addition, this information can be used to evaluate the potential for project scaling with additional funding and/or identify potential funding-related dependencies across project phases that may affect delivery of VWBs.

**How to evaluate an opportunity based on this consideration?** Communicate with project implementers to obtain project cost information and potential funding gaps. Request information on other project sponsors and work with other sponsors to develop a defensible benefit attribution approach. Additional guidance on benefit attribution is provided in Installment 2—Principles for Making Credible Volumetric Water Benefit (VWB) Claims.

### 4. Feasible project implementation timeline

Communicate with the project implementer to ensure that the timeline and key milestones are known and feasible, particularly when the company intends to use the resulting VWBs to make claims against time-bound goals. This may include both incremental and longer-term progress against goals.

**Why does the consideration matter?** A lack of clarity on a project timeline and key milestones may lead to unanticipated delays in project implementation.

**How to evaluate an opportunity based on this consideration?** Communicate with project implementers to obtain project implementation timeline and key milestone information. Maintain regular communication to ensure progress toward implementation milestones.

### 5. Anticipated duration of VWBs consistent with desired timeline

The duration of VWBs provided by projects will vary based on activity type and funding structure. Nature-based solutions and infrastructure projects typically have a long timeline of expected VWBs; whereas projects that involve payment for environmental services or modified agricultural practices may have a shorter (e.g., one- to three-year) timeline of generating VWBs.

**Why does the consideration matter?** Projects expected to deliver VWBs for a long time period—for example, 10 or more years—may be desirable for companies with time-bound goals in the future.

**How to evaluate an opportunity based on this consideration?** Communicate with project implementers to understand the project duration for a given activity and funding structure. Confirm that there is a pathway for reporting at desired frequencies throughout the duration of benefits. Consider the potential uncertainty of project delivery of the VWB over time in light of climate change and dynamic ecosystem conditions. Additional guidance is provided in Installment 3—Principles for VWB Tracking and Reporting.

## 6. Location relevant to water goals

Ensure that the project location is relevant to stated water goals.<sup>3</sup> For example, a company’s goal may require that the project location have a direct or indirect hydrologic connection to a site’s water source or be proximal to the site or local community affected. Alternatively, a goal may require the project to be directly connected to a company’s value chain—that is, consumer base or supply chain.

**Why does the consideration matter?** Water is local, and goals should be contextual based on local conditions. Projects with relevance to stated water goals will be required to make defensible claims of VWBs against these goals.

**How to evaluate an opportunity based on this consideration?** Conduct a desktop review of project attributes in the context of corporate water stewardship goals. Additional guidance is provided in Installment 2—Principles for Making Credible Volumetric Water Benefit (VWB) Claims.

## 7. Opportunity to deliver multiple benefits

Consider whether the project has the potential to generate benefits beyond water volumes and the opportunity to deliver on other company goals related to water quality, water access, carbon, biodiversity, social, or economic impacts. Note that additional tracking may be needed to report these multiple benefits.

**Why does the consideration matter?** Projects that provide benefits in addition to VWBs will support shared water challenges in a more holistic way and may be more relevant to entities that rely on or advocate for the water resource. Some companies are setting goals that go beyond volumetric benefits and projects with multiple benefits may help meet those goals.

**How to evaluate an opportunity based on this consideration?** At the start of the project, communicate with project implementers to understand potential multiple benefits of projects. Project implementers should document the baseline condition and may need to expand monitoring for additional multiple benefits. Document the additional benefits qualitatively. If possible, use available methodologies to quantify the additional benefits. (See Box 1.)

### Box 1. Quantifying multiple benefits

Additional resources are available to support quantification of multiple benefits, including

- the CEO Water Mandate’s [Benefit Accounting of Nature-Based Solutions for Watersheds](#),
- Wash4Work’s [Standardized Accounting Method for the Co-Benefits of WASH](#), and
- forthcoming guidance on [Water Quality Benefit Accounting](#) led by WRI, LimnoTech, and The Nature Conservancy (expected 2024).

<sup>3</sup> Consistent with Installment 2—Principles for Making Credible VWB Claims, Principle 2.

## 8. Enabling projects

Enabling projects may catalyze actions with larger overall potential for impact. These projects may be critical stepping-stones for larger-scale efforts that are transformational and provide larger impacts to address shared water challenges. The projects may also provide opportunities to positively influence water governance. These projects may include early phase activities, such as planning, design, permitting, or pilots, that set the stage for additional, larger-scale work to be implemented.

**Why does the consideration matter?** There is a need and opportunity for the corporate sector to support larger-scale efforts that are transformational and generate significant impacts to address shared water challenges. Many of these opportunities require an early-stage enabling investment to break down barriers and open pathways for larger-scale implementation. Additionally, enabling projects may be important in regions where few other water stewardship efforts do not yet exist.

**How to evaluate an opportunity based on this consideration?** Consider opportunities for enabling, replicable, or scalable projects.

## 9. Innovative strategies

Projects that generate VWBs but also incorporate innovative strategies related to financing, technology and/or scalable market-driven systems may be considered with higher priority. Financing schemes that are sustainable, leveraged, and/or have the potential to unlock additional funding may offer new pathways to generate VWBs, increase scalability, and/or deliver higher impact. Pilot implementation of innovative technologies may lead to market-driven deployment of new solutions and/or provide a favorable investment structure for an expanded range of project sponsors.

**Why does the consideration matter?** There is a need to expedite and unlock opportunities for the corporate sector to catalyze larger-scale efforts that are transformational and generate significant impacts to address shared water challenges.

**How to evaluate an opportunity based on this consideration?** Consider project opportunities with innovative finance and investment schemes (e.g., investment funds, micro-loans, revolving funds, repayments funneled back to project maintenance, projects that improve the policy landscape), innovative technologies, and/or market systems.

## 10. Opportunity for collaboration

Projects that generate VWBs but also provide opportunities for collaboration through collective funding and collective action (i.e., co-designing, co-funding a project) may be considered to be higher priority. Projects that include collaboration with multiple corporate funders and on-the-ground implementers deliver value in terms of greater impact, transparency, and storytelling. Collective action may allow a company to contribute to a broader suite of projects, resulting in increased engagement and a higher profile.

**Why does the consideration matter?** There is a need to expedite the implementation of larger-scale activities that provide basin-scale benefits. There is strength in numbers. With collaboration, more impact can be realized at a larger scale.

**How to evaluate an opportunity based on this consideration?** Consider project opportunities that involve collaboration. Join or help establish regional collective action groups to help identify and support project opportunities.

### Example Evaluation of Criteria and Considerations

The following section provides four examples of actual evaluations that compare each eligibility criterion and selection consideration against actual water stewardship projects. For each example, a brief summary of project characteristics is provided. In practice, additional supporting information would be used to complete the assessment. The table following each example briefly summarizes the evaluation in column 3, and a notation of the outcome of the evaluation is provided in column 4 with the following symbols:

- Eligibility criteria: **Pass** or **Fail**
- Selection considerations: ✓ = yes; ○ = neutral; X = no or not applicable.

If desired, the practitioner could add weighting to project selection considerations to facilitate a scoring or ranking of projects.

#### Example 1. Richland-Chambers Water Quality Initiative, Trinity River Basin, Texas, United States

**Project Description:** Natural Resources Conservation Service (NRCS), through the National Water Quality Initiative (NWQI), works with farmers and ranchers to implement conservation practices and improve water quality. To encourage voluntary conservation practices, farmers and ranchers receive financial assistance to incentivize the adoption of improved practices that reduce runoff and soil erosion, improve water quality, and advance the economic viability of farms. As part of NWQI, NRCS is implementing conservation practices in the Chambers Creek Watershed, a watershed located in the Trinity River Basin. The Chambers Creek watershed drains to the Richland-Chambers Reservoir, which is a critical part of the water supply for 1.6 million urban water users in Tarrant County, Texas. The watershed was selected because of its numerous impairments, including turbidity, siltation, low dissolved oxygen, high nutrient levels, and bacterial concentrations, as well as great potential for addressing the identified problems. The impairments in Chambers Creek are a major concern for those living in and dependent on this watershed.

Eligible producers in the watershed in Ellis and Navarro Counties implemented conservation practices to help improve water quality. Farmers and ranchers receive financial assistance to incentivize the adoption of improved practices that naturally manage water runoff, reduce soil erosion, improve water quality, and advance the economic viability of farms. A range of conservation practices were implemented including brush management, cover crops, forage and biomass planting, prescribed grazing, range planting, filter strips and grassed waterways, and residue and tillage management.

**Result:** This project would provide VWB because it meets the eligibility criteria.

	Criterion or consideration	Evaluation notes	Result
Project eligibility criteria	1. Established pathway for a quantifiable Volumetric Water Benefit	Volume benefit can be quantified using VWB methods: <b>Indicator:</b> Reduced runoff; <b>Method:</b> Curve Number Method.	<b>Pass</b>

	<b>Criterion or consideration</b>	<b>Evaluation notes</b>	<b>Result</b>
	2. Water challenges addressed that are relevant to the catchment or area of interest	Activities address impairments in Chambers Creek that are a major concern for those living in and dependent upon this watershed.	Pass
	3. Internal buy-in and general support from external water resources entities	Farmers and ranchers implement conservation practices and improve water quality.	Pass
	4. Change delivered beyond the without-project conditions that would not have happened without the activity	Yes, project delivers positive change.	Pass
	5. Established pathway to track project volumetric outputs	Practices tracked by NRCS annually.	Pass
	6. Trade-offs assessed, understood, and minimized	Could not be evaluated. Unclear whether potential unintended consequences (e.g., environmental, human rights, environmental justice) were assessed by project implementers. However, practices were implemented as part of the National Water Quality Initiative, so it is assumed that trade-offs were considered as part of that broader program.	Pass
Project selection considerations	1. Minimal risk of project failure or underperformance	Practice is incentive-based. Low risk of failure.	✓
	2. Project implementer readiness and capacity	NRCS has technical capacity and knowledge.	✓
	3. Clarity on project costs and cost shares among funders	Cost details are clear.	✓
	4. Feasible project implementation timeline	Timeline is known and feasible.	✓
	5. Anticipated duration of VWBs consistent with desired timeline	Agricultural practices with shorter benefit duration.	○
	6. Location relevant to water goals	Project is in site watershed.	✓
	7. Opportunity to deliver multiple benefits	Yes, water quality benefits	✓
	8. Enabling projects	The activities are easily scalable with additional funding. The successful implementation of this project has facilitated implementation of similar projects with the NRCS in other nearby areas.	✓
	9. Innovative strategies	This project did not involve any innovative schemes. It was strictly payments to farmers to implement best management practices.	X
	10. Opportunity for collaboration	Project implemented with collective funding and collective action	✓

## Example 2. Water rights acquisition to secure instream flows in Colorado River Delta, Mexico

**Project Description:** The Colorado River Delta was once a lush region of 3,000 square miles teeming with plant, bird, and marine life. However, more than 100 dams on the river and its tributaries diverted water to cities and farms, reducing the delta to a tiny remnant of its former self. The river provides water to more than 36 million people and irrigates 5.5 million acres of farmland. Due to upstream water appropriations, the Colorado River has not regularly flowed to the Gulf of California since 1960. Policymakers, water agencies, and nongovernmental organizations from the United States and Mexico have begun working cooperatively to restore the delta through a binational water-sharing agreement.

Restauramos El Colorado AC is a Mexican not-for-profit organization with a mission to secure instream flows for the Colorado River to restore critical riverbank and wetland habitats in Mexico and the United States. This project involves acquisition of water rights for instream flows in the delta from 53 hectares of farmland, which delivers a minimum of 530,000 m<sup>3</sup>/yr of water (430 acre-feet per year, permanently secured). The purchased water rights will deliver water to restore flow to dry sections of the Colorado River for 15 years, while also helping restore native forests and desiccated wetlands in the delta.

**Result:** This project would provide VWB because it meets the eligibility criteria.

	Criterion or consideration	Evaluation notes	Result
Project Eligibility Criteria	1. Established pathway for a quantifiable VWB	Volume benefit can be quantified using VWB methods: <b>Indicator:</b> Volume provided; <b>Method:</b> Volume provided.	Pass
	2. Water challenges addressed that are relevant to the catchment or area of interest	Yes, due to upstream diversions, portions of the Colorado River have been dewatered, affecting sections of the river and habitats in the delta. This project restores flows in the Colorado River Delta for environmental purposes.	Pass
	3. Internal buy-in and general support from external water resources entities	Yes, policymakers, water agencies, and nongovernmental organizations are all on board. No apparent opposition.	Pass
	4. Change delivered beyond the without-project conditions that would not have happened without the activity	Change would not have happened without the flow acquisition.	Pass
	5. Established pathway to track project volumetric outputs	Volumes delivered are tracked annually.	Pass
	6. Trade-offs assessed, understood, and minimized	Project is aligned with the recommendations from policymakers, water agencies, and nongovernmental organizations.	Pass
Project selection considerations	1. Minimal risk of project failure	Minimum water deliveries are ensured. Low risk.	✓
	2. Project implementer readiness and capacity	Local implementer has technical capacity and knowledge.	✓



	Criterion or consideration	Evaluation notes	Result
	3. Clarity on project costs and cost shares among funders	Cost details are clear.	✓
	4. Feasible project implementation timeline	Timeline is feasible and the project is progressing as intended.	✓
	5. Anticipated duration of VWBs consistent with desired timeline	Water right acquisition expected to deliver benefit over the course of 15 years.	✓
	6. Location relevant to water goals	Project is in site watershed.	✓
	7. Opportunity to deliver multiple benefits	Yes, project delivers multiple benefits to wildlife, people, and the ecosystem.	✓
	8. Enabling projects	The buy-in from policymakers, water agencies, and nongovernmental organizations for water rights acquisition to benefit the Colorado River flows sets the stage for scaling up this project.	✓
	9. Innovative strategies	The project did not involve innovative schemes.	X
	10. Opportunity for collaboration	Project implemented with collective action.	✓

**Example 3. West Fork River Dam removal project, West Virginia, United States**

**Project Description:** Between 1900 and 1930, three run-of-the-river dams were constructed to impound the water and support local drinking water needs. The communities no longer rely on the impoundments as a drinking water supply and determined that the dams pose a safety risk. Additionally, the impounded backwater areas created by the dams increase retention times for West Fork River flows; store nutrients, sediments, and organic matter; increase water temperatures; and reduce the diversity and abundance of aquatic and riparian river habitats. The dams impeded fish migration, dispersal, and access to an array of riparian and floodplain habitats that are critical to the success of native fishes and their various life stage requirements. Several of the West Fork River fish are host species for the native freshwater mussel species. Migration of host fish provides a critical dispersal mechanism for native mussels, greatly improving their distribution throughout the watershed and potential for long term success.

The U.S. Fish and Wildlife Service (USFWS) and West Virginia Department of Natural Resources (WVDNR) led this project to remove three dams, which significantly expanded the extent and access of fluvial fish to diverse, quality habitats. Although the presence of additional dams upstream and/or downstream of the project area may continue to limit the extent of watershed access for fish and mussels to some degree, removal of the three dams in this project provided multiple positive biological benefits to a large segment of the river. In support of tracking long term outcomes, WVDNR has designed and implemented a 10-year monitoring and assessment program to document changes to fish community and habitat and inform management strategies. Dam removal exposed a significant amount of trash, which was removed via volunteer cleanup efforts.

**Result: This project would provide VWB because it meets the eligibility criteria.**

	Criterion or consideration	Evaluation notes	Result
Project eligibility criteria	1. Established pathway for a quantifiable VWB	Volume benefit can be quantified using VWB methods: <b>Indicator:</b> Improved flow regime; <b>Method:</b> Hydrograph Method (impounded volume).	Pass
	2. Water challenges addressed that are relevant to the catchment or area of interest	Dams impede fish movement, which is critical to success of native fish and also to native freshwater mussel species that rely on migration of host fish for dispersal and long-term success. Dam removal provides aquatic life passage and improves ecological and societal value.	Pass
	3. Internal buy-in and general support from external water resources entities	Relevant for safety (3 deaths at one of the dams), and for aquatic species.	Pass
	4. Change delivered beyond the without-project conditions that would not have happened without the activity	Yes, dams were built in 1905 and 1931 as run-of-river facilities to store water to support local drinking water needs but are no longer used for water supply. Without investment, the dams would have remained in place. Dam removal allows impounded portions to become free-flowing.	Pass
	5. Established pathway to track project volumetric outputs	Yes. Dam removal is permanent.	Pass
	6. Trade-offs assessed, understood, and minimized	Prior to implementation, there was some opposition from locals to losing dam pools for recreational fishing. Also, dam removal revealed significant trash that required cleanup by volunteers.	Pass
Project selection considerations	1. Minimal risk of project failure	Dams not expected to return. Mussels were introduced.	✓
	2. Project implementer readiness and capacity	USFWS and WVDNR have technical capacity and knowledge.	✓
	3. Clarity on project costs and cost shares among funders	Cost details are clear.	✓
	4. Feasible project implementation timeline	Timeline is known and feasible.	✓
	5. Anticipated duration of VWBs consistent with desired timeline	Yes.	✓
	6. Location relevant to water goals	Project is in watershed where company operates.	✓
	7. Opportunity to deliver multiple benefits	Yes. WVDNR designed 10-year monitoring and assessment program to document changes in fish community, assess changes in habitat, and inform management strategies for fishing regulations, fish stocking, and river access.  A water board reported savings of ~\$50,000 as a result of improved water	✓

	Criterion or consideration	Evaluation notes	Result
		quality following dam removal. The drinking water won a public taste award. Dam removal eliminates 12 miles of impounded habitat and connects >400 miles of stream miles.	
	8. Enabling projects	As a result of this project, participation in an annual floating festival doubled the year after dam removal. There are plans to establish a water trail that includes this stretch of the river. These were first dam removals conducted in West Virginia, and the lessons learned can inform future dam removals.	✓
	9. Innovative strategies	Unknown.	X
	10. Opportunity for collaboration	Project collaboratively funded; tracking conducted by WVDNR.	✓

**Example 4. Rain barrel distribution in numerous communities across North America**

**Project Description:** When connected to downspouts, rain barrels capture rooftop runoff. The rain barrels decrease storm water runoff and provide a supply of water for irrigation during dry periods.

Company X provided funding for local watershed groups, municipalities, and community groups to distribute free rain barrels for residential use but did not track the number of rain barrels donated. In total, the partners estimate thousands of rain barrels were distributed in various communities.

**Result:** This project would not provide VWB because it doesn't meet the eligibility criteria.

	Criterion or consideration	Evaluation notes	Result
Project eligibility criteria	1. Established pathway for a quantifiable Volumetric Water Benefit	Volume benefit can be quantified using VWB methods: <b>Indicator:</b> Volume captured; <b>Method:</b> Runoff reduction.	Pass
	2. Water challenges addressed that are relevant to the catchment or area of interest	Yes, reduces storm water runoff and provides irrigation supply for residents.	Pass
	3. Internal buy-in and general support from external water resources entities	Yes, local watershed groups, municipalities, and community groups on board. No apparent opposition.	Pass
	4. Change delivered beyond the without-project conditions that would not have happened without the activity	Unlikely that people would install rain barrels if not provided with them; not required by law.	Pass

	Criterion or consideration	Evaluation notes	Result
	5. Established pathway to track project volumetric outputs	The number of rain barrels distributed is unknown.	<b>Fail</b>
	6. Trade-offs assessed, understood, and minimized	No trade-offs identified.	<b>Pass</b>
Project selection considerations	1. Minimal risk of project failure	Difficult to assess. Rain barrels are durable, but people may decide not to install or stop using them.	<b>X</b>
	2. Project implementer readiness and capacity	Local implementer has technical capacity and knowledge and has distributed rain barrels in many communities.	✓
	3. Clarity on project costs and cost shares among funders	Cost details are clear.	✓
	4. Feasible project implementation timeline	Timeline is feasible and project was completed on schedule.	✓
	5. Anticipated duration of VWBs consistent with desired timeline	Unable to assess.	<b>X</b>
	6. Location relevant to stewardship goals	Location hard to assess, but barrels were distributed in communities of interest.	○
	7. Opportunity to deliver multi-benefits	Yes, rain barrels reduce runoff and provide a supply of water.	✓
	8. Enabling projects	No.	<b>X</b>
	9. Innovative strategies	No.	<b>X</b>
	10. Opportunity for collaboration	No.	<b>X</b>

## Installment 2: Principles for Making Credible Volumetric Water Benefit (VWB) Claims

### Introduction

Four principles have been developed to assist companies with making credible VWB claims, while incentivizing water stewardship activities that address long-term shared water challenges and their root causes.

The principles are built on practitioner experience with designing, implementing, and tracking corporate water stewardship programs. The principles were developed to guide companies in making claims against any type of volumetric water goal, including water replenishment, contextual, or other volumetric water goals, for any part of the value chain. The following four principles provide recommended guidance and best practice:

- Principle 1: VWBs being claimed should be delivered by activities that meet VWB eligibility criteria.
- Principle 2: VWBs being claimed should be aligned with the company goals.
- Principle 3: VWBs being claimed should be representative of the activity's status and duration.
- Principle 4: VWBs being claimed should be representative of the company's contributions to the project.

VWB claims are defined as any statement, accounting, or communication regarding the delivery of existing or anticipated VWBs, resulting from voluntary actions taken by the entity making the claim. As referred to herein, VWB claims exclude action, statements, or communications needed to meet regulatory or externally imposed compliance requirements unless those clearly specify the need for VWBs as defined in the most recent version of Volumetric Water Benefit Accounting.

### Principles for Making a Credible VWB Claim

#### **Principle 1. VWBs being claimed should be delivered by activities that meet VWB eligibility criteria.**

By adhering to Principle 1, companies can demonstrate that the six essential eligibility criteria outlined in Installment 1 are met and help ensure that the water stewardship activities can generate a VWB in ways that are credible and trusted by external entities.

#### **Checklist of required evidence to support credible claims:**

- VWB (total for the activity as well as fraction attributed to company);
- VWB method, indicator, calculations, and data sources;
- Evidence that the activity addresses one or more shared water challenge present in the catchment or area of interest;
- Confirmation that the activity delivers positive change and/or prevents a negative impact beyond the without-project condition;
- Confirmation that there is an established tracking and reporting plan; and
- Confirmation that trade-offs are assessed, understood, and minimized.

## **Principle 2. VWBs being claimed should be aligned with the company goals.**

Measures of VWBs are mostly used to track and communicate progress against enterprise and/or site volumetric water goals and to make claims that a company's goals have been met in line with to the company's commitments. Because of this, companies should pay special attention to how and where VWBs are generated to ensure that the type and location of the VWBs and any claims are in line with the company's commitments stated in its goals.

By adhering to Principle 2, companies can identify and implement water stewardship activities that are aligned with company commitments and external expectations. This is indispensable for making robust and credible VWB claims.

### **2.1. Consider where VWBs are generated.**

There are a few key considerations related to where VWBs are generated:

#### **The desired outcome of the goal.**

There are many types of enterprise and site-level volumetric water stewardship goals, many of which specify where the VWBs must be generated to meet the desired objective:

- **Goals aiming to compensate for the water withdrawals or consumption of a company's sites, suppliers, and/or consumers**, such as water restoration, replenishment, regeneration, or balance goals based on the company's sites, suppliers, and/or consumers water withdrawals or consumption each year. These goals cannot be met by changes in the operational water balance or withdrawals, consumption, or discharge of the company's sites, suppliers, or consumers. Instead, this type of goal should be met by VWBs resulting from activities that modify the hydrology in a beneficial way in the watershed in an amount equal to or greater than the company's water withdrawals or consumption at that location. Examples of these types of goals include goals to replenish more water than what is used by the company in certain watersheds, for example water stressed watersheds.
- **Goals aiming to align a company's impacts on water availability with the contextual catchment sustainability thresholds**, such as water goals informed by a basin surface water balance, groundwater replenishment rates, or environmental flow requirements. These goals can be met by VWBs resulting from changes in the company's, suppliers', and/or consumers' water withdrawals, consumption, or discharge volumes and by VWBs resulting from activities outside the company in the surrounding watershed. Examples of these goals include science-based targets for freshwater and goals to close the gap to sustainable water use levels.

**Geographic scope of the goal.** Many volumetric water goals specify in what geography the VWBs must be delivered to meet the goals:

- **Goals focused on addressing company risks** should be met with VWBs generated in areas facing water risks relevant to the company's value chain footprint, guided by reliable local datasets or well recognized global water risk indicators, for example but not limited to those provided by WRI's Aqueduct Water Risk Atlas and the WWF Water Risk Filter; and
- **Goals focused on addressing company impacts** should be met by VWBs generated in a catchment that is hydrologically connected to the location from which the company affects water resources through its water withdrawals, consumption, or wastewater discharge.

## 2.2. Other relevant programmatic considerations

Before making claims, in addition to the type and location of VWBs, consider any other factors that may be relevant for the claim, such as in the following examples:

- How do the VWBs contribute to, or link to, other company business and sustainability objectives?
- How does the claim fit within the overall timeline and duration of the commitment?
- What was the role of the company and its partners in meeting the claim?
- How can the claim contribute to increasing brand value and visibility?
- What story does the company want to tell? What role in the project does it want to play? What sort of relationships does it want to build?

This list of questions is not exhaustive, and companies should also consider any other relevant factors.

### Checklist of required evidence to support credible claims:

- Clarity on where, how, and which type of VWBs are contributing to the company's goals.
- Confirmation that the VWBs being claimed align with the company's internal requirements for meeting the company's water goals.

### Principle 3: VWBs being claimed should be representative of the activity's status and duration.

Before claiming VWBs, companies should ensure that the project implementation activities are completed and performance factors are in place, as outlined in VWBA 2.0 Installment 3. Implementation activities are those essential project implementation activities that must be established or completed and in place before the project can deliver its intended function. Performance factors are the conditions or elements required to sustain a project's ability to deliver VWBs over the claim period.

The timing of the claims and the duration of benefit claims will vary depending on the activity. Consider the status and duration of the activity, and based on that information, determine when to start and for how long and when to stop claiming VWBs.

By adhering to Principle 3, companies can gain clarity on when to start and for how long and when to stop claiming VWBs across activity types and know when and how long to make claims.

#### 3.1. Anticipated VWBs or VWBs under contract

For many types of activities, VWBs may not be generated for several years due to the time required to contract for, design, and implement an activity to the point where it can generate VWBs. During that time, project sponsors may communicate and claim anticipated VWBs or VWBs under contract to help convey progress toward goals while not over claiming actual VWBs delivered. Communicating and/or claiming anticipated VWBs or VWBs under contract may be a better indicator of progress against goals when a company is supporting longer-term activities or is required to report progress to internal or external stakeholders at a higher frequency than what is possible to deliver VWBs on the ground.

Anticipated VWBs or VWBs under contract can be defined as the VWBs expected to be delivered because of a company's contribution to an activity that is under contract within the reporting period but has not yet delivered VWBs. Anticipated VWBs or VWBs under contract should represent a robust and credible estimate of the VWBs anticipated once all implementation activities and performance factors are in place.

### 3.2. When to start claiming VWBs

For new or enhanced gray infrastructure, the VWBs are expected to be delivered and can be claimed

- as soon as the project’s implementation activities are completed, *and*
- the project performance factors are in place.

Example implementation activity	Construction of groundwater injection well
<b>Performance Factors</b>	
<i>Legal/governance/agreement</i>	N/A
<i>Hydrologic/biophysical/environmental</i>	Injection well is adequately capturing surface water flows.
<i>Structural</i>	Structural integrity and functioning of the injection well are in line with the design specifications.
<i>Operational/behavioral</i>	Injection well is operated and maintained.

For new, enhanced, or protected green infrastructure, the VWBs are expected to be delivered and can be claimed

- in full as soon as the project’s implementation activities reach levels of expected or required hydrologic performance, *or*
- in part, proportional to the status of the activity, *and*
- the project performance factors are in place.

Example Implementation Activity	Reforestation
<b>Performance Factors</b>	
<i>Legal/governance/agreement</i>	Easement is in place to protect reforested area.
<i>Hydrologic/biophysical/environmental</i>	Trees have grown to the point where they have reached levels of expected or required hydrologic performance.
<i>Structural</i>	Acceptable success rates have been met.
<i>Operational/behavioral</i>	Forest management plan in place and implemented.

For behavior and practice changes, the VWBs are expected to be delivered and can be claimed

- as soon as the project’s implementation activities are completed, *and*
- the project performance factors are in place.

Example Implementation Activity	Regenerative agricultural practices (e.g., cover crops)
<b>Performance factors</b>	
<i>Legal/governance/agreement</i>	N/A
<i>Hydrologic/biophysical/environmental</i>	Cover crops are planted and are expected to increase soil moisture.
<i>Structural</i>	N/A
<i>Operational/behavioral</i>	Farmers have planted and maintained cover crops.



### 3.3. How long to claim VWBs

Engaging and investing in activities that reduce shared water challenges is important to reduce water-related risk and enhance a company's social license to operate. Sustained engagement and involvement to ensure that funded activities continue to function are encouraged for the duration of VWB claims.

Companies can claim VWBs as long as

- the implementation activities are functioning as designed, and there is reasonable evidence that the project performance factors tied to the generation of VWBs are in place (i.e., the activity continues to have an impact); *and*
- the company making the claim is actively involved and/or supporting the ongoing functioning of the activity, through the initial investment or ongoing investments (e.g., the company is engaged directly or indirectly in the operation and maintenance, or the company has funded all requested years of tracking and reporting, making its claim credible and relevant and its contribution accountable).

To help incentivize new and innovative investments and engagements in water stewardship, companies may want to consider two factors:

- Continuing to claim VWBs after a volumetric goal is met only when the company's involvement and participation in the activity is helping scale meaningful impacts across the catchment (e.g., when the activity was implemented shortly before the goal was met).
- Setting a duration limit to the claim to demonstrate to stakeholders an enduring commitment to participate in addressing shared water challenges and avoid reputational risk related to inaction for extended periods.

### 3.4. When to stop claiming VWBs

Companies should consider no longer claiming VWBs when

- the company is no longer involved, engaged, and/or supporting the ongoing functioning of the activity or working to address shared water challenges, *or*
- the company's initial capital investment is completely depreciated, *or*
- the implementation activities are no longer functioning as designed, *or*
- the status of project performance factors is unknown or cannot be confirmed.

#### Checklist of required evidence to support credible claims:

- Status of the project's implementation activities (e.g., percent of activity completed).
- Confirmation that the project implementation activities and performance factors are in place (e.g., performance monitoring or attestation report for the period being claimed).
- Confirmation of the company's ongoing support and contribution to the project.

### Principle 4: VWBs being claimed should be representative of the company's contributions to the activity.

By adhering to Principle 4, companies can help communicate VWBs in ways that clearly convey the total VWB achieved by all project sponsors while also recognizing attributed VWBs resulting from the individual contribution and role of the company making the claim. To achieve that, companies should take the following steps:

#### **4.1. Align with project sponsors and implementers on how to attribute VWBs.**

There are many ways companies can work with others to support activities that yield VWBs. From unilateral engagements between a company and a project implementer, to transactions between buyers and sellers within an environmental marketplace, to multilateral and collective action engagements between multiple companies, government agencies, and/or civil society groups.

Regardless of who is involved in supporting the water stewardship activity, clear, transparent, and conservative attribution of VWBs is foundational to making credible claims and communicating VWB results. Because of that, prior to supporting an activity, the approach for attributing VWBs should be determined and agreed upon between project sponsors and implementers.

This will help ensure aligned expectations and clear communications between project sponsors and implementers when communicating the resulting VWBs and help minimize reputational risks of over claiming.

When new project sponsors join and start to contribute to a water stewardship activity that has been ongoing and previously supported by other sponsors, project sponsors and implementers should align on how to attribute VWBs moving forward by considering how the additional support from new sponsors expands the scope and results of the activity and/or otherwise modifies the activity and resulting VWBs.

#### **4.2. Apply a credible and transparent approach to attribution.**

Independently of how many project sponsors are involved, companies claiming VWBs resulting from water stewardship activities should apply credible and transparent approaches to attributing VWBs being claimed.

Credible approaches to attribution of VWBs can be defined as follows:

- **All parties involved can stand behind them.** The company making the claim, the other project sponsors, and the project implementers should all be able to stand behind the attribution of VWBs between parties involved, based on their shared understanding of the cost, funding sources, and resulting VWBs.
- **Attributed VWBs are proportional to the contribution of the company making the claim.** The company making the claim should attribute VWBs in a way that is reflective of the company's overall contribution to the activity and resulting VWBs (e.g., monetary, or in-kind).

The following common considerations should be kept in mind when exploring approaches to attribute VWBs:

#### ***When there is clear visibility into the total project cost, and project outputs are primarily volumetric.***

In most cases, when there is a clear understanding of the total cost and the expected outputs of a project are primarily volumetric, VWBs resulting from a company's contribution to the project can be attributed using the cost-share approach. Following the cost-share approach, the total VWBs resulting from the project are attributed to each project sponsor based on the proportional contribution of each sponsor to the total cost of the project.

When following a cost-share approach, it is important for project sponsors financing the project and project implementers to agree on what is included in the total cost. For example, the total cost of a project could be determined based on the activity's capital expenditures (CAPEX) plus the project's operating expenditures (OPEX) over the lifetime of the project or expected duration of the claim. The

project's CAPEX refers to the capital expenditures required to implement the project in the first place; the project OPEX should apply to any additional resources required to ensure essential day-to-day costs that are necessary to maintain the project over time. In-kind contributions of time and/or materials provided to a water stewardship project are often excluded but can also be quantified monetarily and included as part of the CAPEX or OPEX when relevant.

***When projects are more complex with multiple funders and objectives with volumetric benefits that are part of a broader set of stacked benefits.***

Many projects may deliver a wide range of stacked benefits. Some may be volumetric, and others may be non-volumetric but may have a volume associated with them (e.g., nutrient, carbon, biodiversity, wetland, or stream credits). When claiming VWBs from projects with multiple funders and a range of stacked benefits, VWBs must be estimated in line with recommendations outlined in the VWBA and documented in the bill of sales, contractual documents, or other documentation of changes in water rights, volume benefits or conservation benefits.

Furthermore, VWBs originating from these types of complex projects can be attributed and claimed by a company when the following characteristics are in place:

- **Intentionality:** VWBs being claimed were intentionally created with a predefined purpose and desired water stewardship outcome that addresses shared water challenges and is documented as part of the transaction between the buyer and the seller.
- **Additionality:** The creation of the VWBs and price paid for the VWBs reflects (and is directly relevant to) the cost or labor or endeavor of generating the VWBs or the multiple benefit, including VWBs being claimed.
- **Permanence:** The VWBs are retired and correspond with a retirement schedule or timeline that aligns with the duration of the claim.

In situations where project sponsors struggle to identify a credible and transparent approach to attribution suitable to the activity and its sponsors, companies should consider engaging a subject-matter expert and consulting external stakeholders for how best to attribute the resulting VWB in ways that minimize the risk of over claiming and can support robust, credible, and transparent claims.

**4.3. Communicate the total and attributed VWBs resulting from an activity.**

Lastly, companies making VWBs claims should consider communicating the total VWBs resulting from an activity (i.e., the collective VWBs achieved because of all project sponsors), as well as the VWBs attributed to the company making claims (i.e., the fraction of the total VWBs proportional to the company's contribution to the activity). When total VWBs are communicated it is important to be very clear that the total VWBs are not the same as the VWBs attributed to the company making claims.

This will help convey the collective impact of a company's participation in water stewardship activities while recognizing the company's individual contribution to the activity.

**Checklist of required evidence to support credible claims:**

- Clear documentation of the agreed-upon attribution approach.
- Total VWBs resulting for activity.
- VWBs attributed to the company making the claim (when there are multiple project sponsors involved).

## Glossary

Term	Definition
Activity	The interventions whose effects on natural and social capital are considered “outputs” and can be analyzed and quantified (adapted from WBCSD 2017). A water stewardship project may encompass multiple activities.
Allocation	The distribution of volumetric water benefits among organizations where multiple organizations share a common volumetric water benefit.
Baseline	The beginning points at which an organization or activity will be monitored and against which progress can be assessed or comparisons made (adapted from AWS 2019).
Benefit	Long-term social, economic, and environmental effects resulting from the implementation of a project or activity, either directly or indirectly, intentionally or unintentionally. Benefits, which are the ultimate result, derive from outcomes and can also be referred to as positive impacts—those impacts that directly or indirectly, intentionally or unintentionally, generally benefit stakeholders and/or the environment (adapted from AWS 2019). See also “Volumetric water benefit.”
Catchment	<p>The area of land from which all surface runoff and subsurface waters flow through a sequence of streams, rivers, aquifers, and lakes into the sea or another outlet at a single river mouth, estuary, or delta (adapted from AWS 2019). It is important to consider that catchments</p> <ul style="list-style-type: none"> <li>• include associated groundwater areas, but surface and subsurface waters often have different catchment boundaries and degrees of connection;</li> <li>• may include the totality or portions of water bodies, such as lakes or rivers;</li> <li>• are also referred to as watersheds, basins, or sub basins; and</li> <li>• may be interconnected with infrastructure. Interventions in one can result in benefits or detriments in another.</li> </ul>
Claim	Any statement, accounting, or communication regarding the delivery of existing or anticipated VWBs resulting from voluntary investments or actions taken by the entity making the claim.
Collective action	Coordinated engagement among interested parties within an agreed-upon process in support of common objectives. Water-related collective action refers to specific efforts to advance sustainable water management, whether through encouraging reduced water use, improved water governance, pollution reduction, river restoration, or other efforts.
Direct VWBs/Direct Benefits	VWBs resulting from a company’s direct contribution to an activity (e.g., monetary, or in-kind contribution) and proportional attribution of benefits.

Enabled VWBs/Enabled Benefits	VWBs resulting from activities that stimulate the early action required to put in motion the conditions needed to address pressing water issues at scale or to set the stage for collective action, including funding or facilitation of programs, activities, or partnerships that catalyze, enable, and/or lead to VWBs that otherwise would not have been created without initial corporate participation.
Gray infrastructure	Built structures and mechanical equipment, such as reservoirs, embankments, pipes, pumps, water treatment plants, and canals. These engineered solutions are embedded within watersheds or coastal ecosystems whose hydrological and environmental attributes profoundly affect the performance of the gray infrastructure (Browder et al. 2019).
Green infrastructure	(Also sometimes called natural infrastructure, or engineering with nature) Green infrastructure intentionally and strategically preserves, enhances, or restores elements of a natural system, such as forests, agricultural land, floodplains, riparian areas, coastal forests (such as mangroves), among others, and combines them with gray infrastructure to produce more resilient and lower-cost services (Browder et al. 2019).
Goal	A description of a desired objective, set at the enterprise or site level, against which the company and other entities can evaluate progress (adapted from CEO Water Mandate 2014). This term is used synonymously with other commonly used language to describe desired objectives, such as targets and commitments.
Impact	Changes in the well-being of those affected over the longer term (WBCSD 2017). In the context of water stewardship, impact refers to the positive or negative long-term social, economic, and environmental effects resulting from the implementation of a project or activity, either directly or indirectly, intentionally or unintentionally. Impacts, which are the ultimate result, derive from outcomes. Impacts may be beneficial and called benefits (those impacts which directly or indirectly, intentionally or unintentionally, generally benefit stakeholders and/or the environment) or adverse (those impacts which directly or indirectly, intentionally or unintentionally, are generally harmful to stakeholders and/or the environment) (adapted from AWS 2019).
Implementation activity	The essential project implementation tasks that must be completed before the project can deliver its intended outputs.
Indicator	A quantitative factor or variable that provides reliable means to measure the achievement of outputs or outcomes.
Input	The data and information necessary to estimate the volumetric water benefits of an activity.
Performance factor	The conditions or elements that are required to be in place to sustain a project's ability to deliver VWBs over the claim period.
Practitioner	General term to refer to anyone in the corporate water stewardship space.
Project	A single water stewardship activity or multiple activities implemented in a specific site or range of sites.

Project outputs	The results of the activity in question (WBCSD 2017). Outputs derive from activities and lead to outcomes and ultimately impacts (adapted from AWS 2014).
Project outcomes	Near- or long-term changes in the status or condition of key aspects or processes in social or ecological systems that contribute to (or are prerequisites of) broader-scale desired impacts. Outcomes result from outputs.
Replicable	An activity that can be repeated in other locations by the same or other actors (e.g., installing a new type of canal liner).
Reporting	The formal development and sharing of information to communicate a project or program's progress toward achieving predefined objectives (or targets). The content and frequency of reporting is usually defined in a formal agreement.
Scalable	An activity that can increase in scale over time, (e.g., activity has a pathway to increase deployment over time).
Shared water challenge	The water-related issues that are of interest or concern in the catchment or area of interest (e.g., aquifer, municipality, town, state) and which, if addressed, will provide positive impacts or prevent negative impacts. Shared water challenges are not necessarily unique and may be the same for multiple sites or entities that rely on a water resource (adapted from AWS 2019).
Tracking	Measurement of key metrics to evaluate progress toward defined targets.
Volumetric water benefit	Water stewardship activity outputs, estimated in volume per unit of time, that help reduce shared water challenges.
Volumetric water benefit accounting	Method to estimate the volumetric water benefits of water stewardship activities, and associated guidance related to planning, project selection, and assessment.
Water balance goal	Organizational goal to balance a volume of water equal to what is consumed by the organization through interventions in catchments and communities outside the four walls of the organization.
Water risk	The effect of water-related uncertainty on an organization's objectives. It is important to note that water risk is experienced differently by every sector of society and the organizations within them and thus is defined and interpreted differently (even when the same degree of water scarcity or water stress is experienced or when it affects the same area of interest) (adapted from AWS 2014).
Water stewardship	The use of water that is socially and culturally equitable, environmentally sustainable, and economically beneficial, achieved through an inclusive process that involves site- and catchment-based actions (adapted from AWS 2019).