



Liz's Newsletter

Issue No. 13, Winter 2011

Happy New Year!

Many of us are hopeful that 2011 will bring positive change – including strengthening the economy and increasing sustainability and community wellbeing. Liz Muller, LLC is making positive change by expanding and strengthening of our strategic partnerships. We underwent a slight name change – to “Liz Muller & Partners” to reflect this. We will be introducing these partners in this and future newsletters.

Liz Muller & Partners is committed to advancing the sustainability agenda in meaningful and lasting ways. A few areas in which we will have the pleasure of working toward these ends include:

- *Supporting efforts to ban metals mined under conditions of armed conflict and human rights abuses from certain supply chains.*
- *Supporting the expansion of the Better Cotton Initiative to new regions and linking Better Cotton with products.*
- *Promoting good governance in the cotton industry.*
- *Assisting companies with developing sustainability strategies, programs and reports.*

Some of these projects are introduced in this newsletter. Please let me know if you would like to learn more about these or other projects, our expertise and services.

Best wishes for a prosperous and fulfilling 2011!

Liz

Looking forward – the importance of good water governance

In my Spring 2010 newsletter, I presented important elements of a good governance program: risk assessments, controls, transparency, compliance, standards, and monitoring (<http://www.lizmuller.com/newsletters/newsletters.html>). I would like to expand on these basic concepts by presenting some frameworks that can guide the development of good water governance – something I believe will soon be at the center of sustainability.

Efficient, equitable, and sustainable water management is essential for social equity, economic development, and the avoidance of political unrest; yet water is a local resource that must be managed at the watershed level, ideally under the umbrella of national or regional laws, frameworks, and supporting mechanisms. The International Union for Conservation of Nature (IUCN) has developed the Water and Nature Initiative (WANI) toolkit, aimed at helping organizations improve water governance programs. The series of documents in the toolkit:

- support learning on how to mainstream an ecosystem approach in water resource management;
- are aimed at practitioners, policy-makers, and students from NGOs, governments, and academia
- build on practical case studies to show how key principles of sustainable water management are implemented in river basins.

I am providing a snapshot of five resources in the WANI toolkit I found helpful:

Rule: Reforming Water Governance presents the benefits of good water governance and the need for political will and government capacity; policies, laws, institutions, regulations, and enforcement mechanisms and how they work together; and the value of transparency, certainty, accountability, and public participation during policy and development. *Rule* is a good starting point to creating a strong foundation for any water governance program.

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Traceability program and audits

Corporations and industries are increasingly interested in – and being held responsible for – tracing the materials used in their products back to their origins. This can be driven by consumers' desire to ensure the conditions under which their products are produced are responsible and humane or for product quality, including absence of toxins. Very few industries outside of food are required to trace their raw materials from origin to product. The Dodd-Frank Wall Street Reform and Consumer Protection Act, however, signed by President Obama on July 21, 2010 mandates new auditing and disclosure requirements for companies that use certain minerals in their products originating in areas known to produce conflict minerals (minerals mined under conditions of armed conflict and human rights abuses). The focus of the law is to ban the use of metals from the Democratic Republic of the Congo. On December 15, 2010, the U.S. Securities and Exchange Commission proposed rules to implement the provisions of this Act.

Some supply chains are structured in such a way that complete traceability from raw material origin to end products – or absence of banned materials – is challenging and resource intensive. Liz Muller & Partners are fortunate to support efforts to ban conflict minerals from entering certain supply chains. Just a few of the ways Liz Muller & Partners helps organizations with tracing materials through supply chains include:

Developing traceability programs: We assist organizations with development of comprehensive yet implementable traceability programs aligned with – and integrated into – a company's sourcing strategies.

Establishing effective supply chain partnerships: We leverage our understanding of supply chains and the needs and constraints of farmers, processors, and end buyers to develop effective partnerships that benefit all parties.

Conducting traceability audits: Our networks of international auditors are among the few with direct experience tracing material to approved origins.

Please contact us to learn more about our expertise and services.

Input on sustainable biofuels from communities in Hawaii

As I mentioned in my last newsletter, Liz Muller, LLC assisted the Hawaii Biofuels Foundation (HBF) with conducting the first ever needs assessment for the geographic adaptation of the Roundtable for Sustainable Biofuels (RSB) Standard in the context of Hawaii.

We helped HBF conduct stakeholder outreach, including public workshops, to gain input from local experts on the applicability and appropriateness of RSB's Indicators and Criteria.

As one of the most geographically isolated island chains in the world, Hawaii depends almost entirely on imported fuels for energy. A transition to energy independence will require addressing the finite natural resources of the archipelago — particularly land and fresh water. In addition, the diverse and biologically rich ecosystems, rich sense of tradition and spirituality — as well as the desire to be less dependent on food imports — must be considered to ensure biofuels production in Hawaii is done in a sustainable and responsible manner.

Input from various stakeholders who participated in the RSB Needs Assessment process indicated that the RSB Standard could serve as a strong initial framework to define, promote, verify, and possibly market sustainable, locally grown biofuels; however, some modifications may be warranted. In addition, the promotion of biofuels will likely require additional systems and mechanisms, such as government-led incentives, infrastructure, or guidelines if it is to be a viable industry in Hawaii.

Some topics that received significant input included biofuels' possible impact on food security — a unique and important issue as Hawaii imports up to 90 percent of its food; water impacts — a scarce resource under high demand that, although under the authority of the state, is under continuous dispute; and invasive species prevention and environmental protection — a critical issue for an isolated archipelago with a high density of biodiversity. The full report with input from stakeholders is available at www.hawaiiibiofuelsfoundation.org.

Please contact me to learn more about the RSB Needs Assessment in Hawaii and the input stakeholders provided.

Liz Muller & Partners has partnered with Green Impact (www.greenimpact.com) to strengthen and expand our sustainability strategy and reporting capabilities. We assisted with both of Virgin America's Climate & Sustainability Reports (www.virginamerica.com)

See our tips for writing sustainability reports by visiting:

- greenimpact.com/blog/2010/11/22/sustainability-reporting
- www.lizmuller.com (newsletters)
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Let us know if you need assistance developing a sustainability strategy or report.

In the Next issue:

- Celebrating Earth Day
- Harmonizing certification systems
- More on sustainable biofuels

Cotton sourcing partnerships

Liz Muller & Partners has the pleasure of working with Olam International (www.olamonline.com), a progressive and responsible cotton trader, to develop a retailer partnership program that links its sustainable cotton with retailers' suppliers. Olam engages with cotton farmers under long-term partnerships aimed at helping them optimize their profits and grow cotton more sustainably. They have recently applied for BCI membership (www.bettercotton.org) with anticipated approval by the end of January. "Olam aims to strengthen their cotton programs across Africa and Asia, assist BCI in meeting its growth and integrity strategies, and recognize and support cotton farmers that apply good production practices," says Chris Brett, Head of Corporate Responsibility & Sustainability, Olam International.

Please contact me if you are interested in a cotton sourcing partnership.

Good water governance (continued from page 1)

Negotiate: Reaching agreements over water — builds on the basic principles of water governance and presents practical steps to negotiate effective multi-stakeholder agreements on water rights and governance.

Change: Adaptation of water resources management to climate change — helps professionals identify actions that can be taken to adapt to the changes in the world's water regimes resulting from the effects of climate change.

Share: Managing water across boundaries — aims to help entities gain cooperation from multiple nations to establish water allocation and governance programs for international water bodies. It provides more positive models that focus on identifying and sharing benefits rather than limiting the dialogue to rationing water allocations.

Pay: Establishing payments for watershed services — provides guidance on how to improve water security by establishing rewards or payments to land and water managers to maintain or restore watershed services provided by a given water resource.

These resources can be utilized individually or together to guide communities, governments and other interested parties towards the creation of effective and enduring water governance programs. I encourage industries and communities to address water governance before tension over water resources become heightened. Leveraging the IUCN toolkit is a step in the right direction.

Visit www.iucn.org/about/work/programmes/water/resources/toolkits.

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