

## **New analysis reveals water management trails climate change on the boardroom agenda, despite significant near-term risk and opportunity**

**New York, 16 November 2011** — The Carbon Disclosure Project (CDP) Water Disclosure [global report](#) launched today finds that 57% of the 190 publicly listed organizations that participated in the survey report board-level oversight of water policies, strategies, or plans. By comparison, a report released by CDP in September 2011 showed that 94% of Global 500 companies report board-level oversight of climate change, suggesting that corporate understanding of water as a business concern trails that of climate change. This is surprising, given that the majority of reported water-related risks and opportunities are recognized as near term.

Deloitte Touche Tohmatsu Limited (DTTL), one of the principal sponsors of this project, supported CDP on analyzing the data and developing the contents of the report.

The second annual CDP Water Disclosure Global Report is based on a questionnaire sent to 315 companies on the Global 500 index that are identified as operating in the most water-stressed locations or industry sectors. This year, 190 (60%) of these companies responded—a 10% increase from the previous year—showing improved transparency on water management. CDP Water Disclosure collects data annually on water use, strategies, and risks and opportunities from companies on behalf of 354 investors representing US\$43 trillion in assets.

Over half (59%) of companies surveyed report exposure to water-related risks such as flooding, scarcity, and reputational damage. The majority of these risks are near term: 64% of risks in direct operations and 66% of risks in the supply chain are identified as occurring between now and 2016. Illustrating the urgency of water risk, more than one-third of responding companies (38%) have already experienced water-related business impacts, such as disruption to operations from severe weather events (e.g., flooding) and water shortages.

Underscoring the opportunities associated with effective water management, 63% of respondents say that water presents commercial opportunities, most of which (79%) are near term. The most commonly identified opportunities are associated with cost reductions from increased water efficiency, revenue from new water-related products or services, and improved brand value.

**Paul Simpson, chief executive officer at CDP says:** “Some of the largest multinational companies have experienced the detrimental effects that water can have on their bottom line. The findings released today illustrate the very near-term nature of water-related impacts. We need to see more companies understand that water is a critical issue, requiring greater board-level attention than it currently receives. Those corporations that navigate the challenges effectively will be able to profit from the significant opportunities that result from a robust water strategy.”

**Nick Main, leader global sustainability, DTTL says:** “It is promising to see that a growing number of companies are recognizing the importance of having strategies that respond to the increasing risks and opportunities arising from dependencies on this increasingly vulnerable resource. There is a need for broader action by companies to address water stewardship both at the enterprise and product levels. DTTL believes that development of standard measures and performance benchmarks around water use are critical steps toward achieving that broader action.”

**Will Sarni, director and practice leader, enterprise water strategy at Deloitte Consulting LLP in the United States,** and author of the recently published *Corporate water strategies*, adds, “We are witnessing the creation of a new paradigm for water management. This includes initiatives such as improved water data acquisition and analytics, improved water efficiency, energy efficient water treatment technologies, and a move to extract energy and nutrients from wastewater. The CDP Water Disclosure report is an important effort, along with other global initiatives, in transforming how we manage one of our most essential natural resources.”

Further CDP Water Disclosure global report findings include:

- Companies are demonstrating that the relationship between water and energy use is widely understood, with 72% of companies reporting linkages or trade-offs between water and carbon emissions.
- Over a third of companies (38%) are unaware of whether they are exposed to water risk in their supply chains. In the Consumer Discretionary sector, which is dominated by industries that are particularly exposed to supply chain risk (e.g., retailers, hotels, resorts, and automobile manufacturers) this figure rises to 41%.
- Energy companies report a high level of risk (72%), yet report the lowest levels of board oversight of water policies, strategies, or plans (36%).
- The biggest water risk facing businesses in their direct operations is water stress or scarcity (41%), followed by flooding (24%), reputational damage (23%), and higher compliance costs (21%). One company reported that it had already experienced a water-related impact at a cost of US\$200 million.

The launch of CDP Water Disclosure's second report at Bloomberg's central London offices today provides investors, companies, governments, and other stakeholders with a range of information on companies' water usage, and related issues.

Present at the event, **Michael Glade, director, water resources & real estate of Molson Coors**, a large global brewer that has responded to CDP voluntarily this year, said: "Water is a precious resource and the importance of protecting local supplies should not be underestimated at a management or board level. With a global network of local breweries, we have always believed that companies play a critical role in working with local water interests to ensure a sustainable watershed. It is only through transparent disclosure by all water users and knowledge sharing that companies can move towards a more secure water future."

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**About CDP**

The Carbon Disclosure Project (CDP) is an independent not-for-profit organization providing a transformative global system for companies and cities to measure, disclose, manage, and share climate change and water information. Over 3,000 organizations across the world's largest economies now report their greenhouse gas emissions and assessment of climate change risk and opportunity through CDP, in order that they can set reduction targets and make performance improvements. This data is gathered on behalf of 551 institutional investors, holding US\$71 trillion in assets. CDP now holds the largest collection globally of self-reported climate change data. For more information, visit [www.cdproject.net](http://www.cdproject.net).

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