Water issues are high on the corporate agenda

A new international report has investigated the impact of water scarcity and other water-related issues on some of the world’s largest companies in water-intensive industries. Nearly 40 per cent of companies surveyed are already experiencing water problems and nearly 90 per cent have developed water policies, strategies and plans.

The demand for water is rising and has been projected to outstrip supply by 40 per cent by 2030. With increasing awareness of water as a key challenge to the long-term sustainability of businesses, some have likened it to the “new carbon”. However, unlike fossil fuels, water has no sustainable alternatives.

The researchers issued a questionnaire to 302 of the world’s largest water-intensive companies to explore water use, water-related risks and opportunities and water strategies and management plans, with 150 companies responding. The US accounted for over a third of the sample (35 per cent); the next best-represented countries were the UK, Germany and Japan.

Nearly 90 per cent of the respondent companies have developed specific water policies, strategies and plans, indicating that water is already high on the corporate agenda. 60 per cent have set water-related performance targets, of which slightly more than half are absolute (rather than efficiency) reductions, which is encouraging as absolute reduction targets should be considered best practice, especially in water-scarce countries.

Overall 88 per cent of companies could identify which of their operations are exposed to risk from water stress. There are three main risk areas: physical risks, including exposure to flooding, pollution and drought; regulatory risks, including higher water tariffs and stricter regulations on water quality; other risks, such as reputational risk and product risk (such as decreased demand for products that require large amounts of water). However, only 53 per cent of companies were able to identify water-related risks within their supply chains. Most companies reported their total withdrawal of water, but less than two-thirds chose to provide a breakdown and only 42 per cent provided a figure for recycling and re-use of water.

Water is clearly a current concern with 39 per cent of companies reporting detrimental impacts from water in the past five years, with the worst sectors affected being Metals and Mining, Utilities and Chemicals. More than half the companies described risks as current or near-term (in the next 1-5 years).

Encouragingly, 62 per cent of companies were aware of business opportunities in the water sphere, such as improved water management practices leading to reduced operating costs, and a growing demand for water infrastructure to support growing populations. Moreover, 72 per cent of companies identified links between water management and energy, i.e. reducing water use can often result in reduced energy use.

Drawing on some of the best practices of respondent companies, the report provided a number of recommendations:

- Create a board or executive committee specifically responsible for water that sets specific targets for absolute reductions in water use.
- Conduct a risk assessment of direct suppliers and engage with suppliers to improve water management.
- Invest in new technologies and approaches, such as site-level water metering, low water-use technologies, wastewater treatment and recycling.
- Collaborate with stakeholders, such as communities, NGOs and government representatives, and participate in business initiatives that seek to address water issues, such as the UN CEO Water Mandate.

1 See: [www.unglobalcompact.org/issues/Environment/CEO_Water_Mandate](http://www.unglobalcompact.org/issues/Environment/CEO_Water_Mandate)


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