



CSR for water: progress towards sustainability

Access to water is often described as a basic human right, so rights violations may be committed where corporate activities interfere with individuals' access to water. Water supply is generally the responsibility of government, but recent Dutch research has suggested that corporate social responsibility (CSR) can have a significant impact on the sustainability of freshwater supply in countries with weak governance regimes.

Water scarcity affects 1 in 3 people on every continent, according to the WHO¹, and the situation is becoming worse with globalisation and rising populations. According to a 2003 UN report², industrial water use is higher in rich countries, and overuse by agriculture and industry threatens reliability of supply. Water stress is now increasingly viewed as a constraint on economic growth, ecosystems and social justice. Sustainable water use is becoming more important in CSR, as companies recognise their own potential for both negative and positive impacts on water.

New research examined the public declarations of 20 Dutch multinationals to determine the scope of their CSR policies. It identified the main drivers for water management under CSR and investigated whether water scarcity (or surplus) can be linked to corporate activity.

The research identified several drivers for sustainable corporate water use:

- **Direct cost-benefit:** scarce water would cost more, and even temporary interruption of supply could damage many industries which are dependent on clean water, directly or in their supply chain (or where the power supply or cooling is water-generated).
- **Reputation:** unsustainable water use could damage a company's image through negative publicity and increased public scrutiny.
- **Risk of increased legislation:** voluntary corporate action may avert harsher restrictions which raise costs further. However, the study suggests that regulatory pressures are one of most successful means of generating voluntary environmental management approaches.
- **Risk of requirement to invest in water supply:** there is a growing expectation for corporate investment in water management; currently, to relieve public funds that now account for 95 per cent of investment.

Business initiatives to support sustainable water management include voluntary codes and assessment tools. However, reporting requirements vary and legislation does not specify the technical tools of measurement. Most businesses water management and disclosure is still weak, even for businesses operating in areas of high water stress, where governments still face a significant task to improve disclosure.

In countries with weak governance, corporate responsibility therefore takes on greater significance, since it becomes the moral duty of companies to prevent their acts violating human rights. The effectiveness of CSR has previously been linked in China to the degree of a company's economic development – the more developed a company, the more likely they are to disclose environmental information. The study lists several cases of high-profile cases of pollution (such as oil pollution in the Ogoni Delta in Nigeria and toxic waste dumping in Trafigra in Ivory Coast), and contrasting cases of corporate water extraction disputes in the Netherlands and India. With growing legal and public attention to these events, the various drivers towards sustainable water use were seen to take effect, in terms of the attention paid to water in CSR strategies and a growing recognition of responsibility on the part of the companies.

1. WHO. (2010). *The Global annual assessment of sanitation and drinking-water (GLAAS) and WHO, fact files on water*. See: www.who.int/features/factfiles/water/water_facts/en/index2.html
2. UNESCO. (2003). *Water for People, Water for Life, United Nations World Water Development Report*.

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