

CDP's water program

CDP's water program provides the only global platform for corporate water disclosure and action to address the global water crisis - one of the defining challenges of the 21st Century.



CDP's water program

Water insecurity is a clear and present risk that threatens the lives and livelihoods of people around the world. Urgent action is needed to ensure the stable and sustainable supply of water which is central to efforts to adapt to the effects of a changing climate and mitigate rising greenhouse gas emissions.

CDP's global environmental disclosure system facilitates the reporting, measurement and management of freshwater resources. The annual disclosure process provides companies, investors and policy makers the framework and insights necessary to catalyze action and drive sustainable and equitable water use.

36%

More than 36% of heavily water dependent companies on the MSCI ACWI responded, representing US \$15.6 trillion of market capitalization.

634

634 investors representing US \$69 trillion in assets use CDP's water program to gather data to inform investment decisions.

US\$1 Trillion

24 global purchasing organizations representing US\$ 1 trillion in procurement spend use CDP's water program to drive action to address water security through the supply chain.

We target

Over 1,400 of the largest relevant global companies are targeted. These companies are filtered from the largest financial indices globally, based on economic and environmental criteria and sit at all points along the supply chain. Companies fall principally into the Consumer Discretionary, Consumer Staples, Energy, Healthcare, IT, Industrials, Materials and Utilities sectors.

We collect

CDP holds the world's largest and most comprehensive set of publicly reported corporate water information. Investors receive data on companies:

- ▼ Exposure to water risk including location, magnitude, likelihood and timeframe;
- ▼ Water opportunities and strategies to realize these;
- ▼ Viability of growth strategies in the face of water challenges; and
- ▼ The corporate response - commitments, governance, standards and supply chain engagement.

When Alcoa first responded to CDP Water, some of the questions prompted us to incorporate new concepts into our water strategy, in turn increasing its relevance to our business strategy. CDP's water questionnaire provides a robust framework for actions companies can take to improve their corporate water stewardship, increasing our capability to identify, manage and mitigate risk and capitalize on opportunities.

Alcoa Inc.

Water insecurity – the facts

Demand for water is expected to increase in all sectors of production¹ and growth for key commodities is set to continue:

- ▶ BP projects a 36% increase in global energy consumption by 2030;
- ▶ The IEA expects water consumption in power generation to rise by 85% by 2035;
- ▶ The UN predicts a 70% increase in food demand by 2050; and
- ▶ Mineral consumption is expected to outpace population growth due to increased living standards.

At the same time:

- ▶ The UN predicts a 40% global shortfall in water supply by 2030;
- ▶ Groundwater, which provides drinking water to 50% of the global population and accounts for 43% of water for irrigation, is being depleted to the point where regional water availability is threatened²; and
- ▶ Excessive loads of nitrogen and phosphate, from intensive agriculture, industrial production and mining, are degrading the quality of water we have left³.

On average it takes



32 MEGALITRES

Run a medium sized gold mining operation for a day



1,364 MEGALITRES

Run a 500 MW power plant for a day



15,145 LITRES

Produce 1 kilogram of beef

There are concerns about worsening water security in many parts of the world:

- ▶ Brazil has more fresh water than any other country, yet its biggest city, São Paulo, is running dry;
- ▶ Some 60% of China's groundwater is polluted and rated as unfit for human contact, posing a threat to its economic growth; and
- ▶ India is facing an unprecedented water crisis with domestic, agricultural and industrial shortages.



It is no surprise that, the World Economic Forum ranked a water supply crisis as the highest risk facing society over the next decade.

1. WWAP, 2012
2. NASA, 2015
3. UN-Water, 2013



Investor attitudes have changed over the last five years, as there is increasing recognition that there are environmental limits to economic growth. CDP data helps us analyse companies on the sector level comparing performance against their peers, understanding how companies are addressing risks, and also looking at opportunities.

Schroders
(US \$447 billion)



Relevance to companies

Many business models are built on the assumption that a stable supply of good quality water will always be available. Worsening water security means this assumption may no longer be valid. As a result, water security may pose significant financial risk and opportunity to some companies and their investors. In 2016 alone, companies reported US\$14 billion in water-related impacts, a five-fold increase from 2015.

Business as usual responses to water management are no longer sufficient. CDP provides the framework to support you in

navigating these risks and capitalizing on opportunities; transitioning them from business as usual to a leading corporate water steward.

Water stewardship helps to avoid further value erosion by:

- ▶ Enhancing brand value;
- ▶ Building resilience to changes in regulation;
- ▶ Establishing sustainable revenue generation; and
- ▶ Transitioning for growth in a water constrained world.

Corporate water scoring

This year CDP will score all corporate responses submitted by June 29th. The scores provide an objective, comparable and independent indicator to assess and support your stewardship journey.

CDP's water scores will catalyse and support the private sector in its role as implementers. The scores are a key component in driving improved disclosure and corporate water stewardship.

For companies, scores and associated benchmarking will help strengthen your response and further improve resilience.

For investors, scores will highlight those companies more prepared than others in the face of rising water challenges, and provide consistent performance data enabling comparisons within and between sectors.



Contact us

Morgan Gillespy

Head of Water

water@cdp.net

+44 (0) 20 3818 3900