

CDP Water Disclosure 2011 Report Findings

Water Symposium
November 17, 2011



Overview

Summary Results

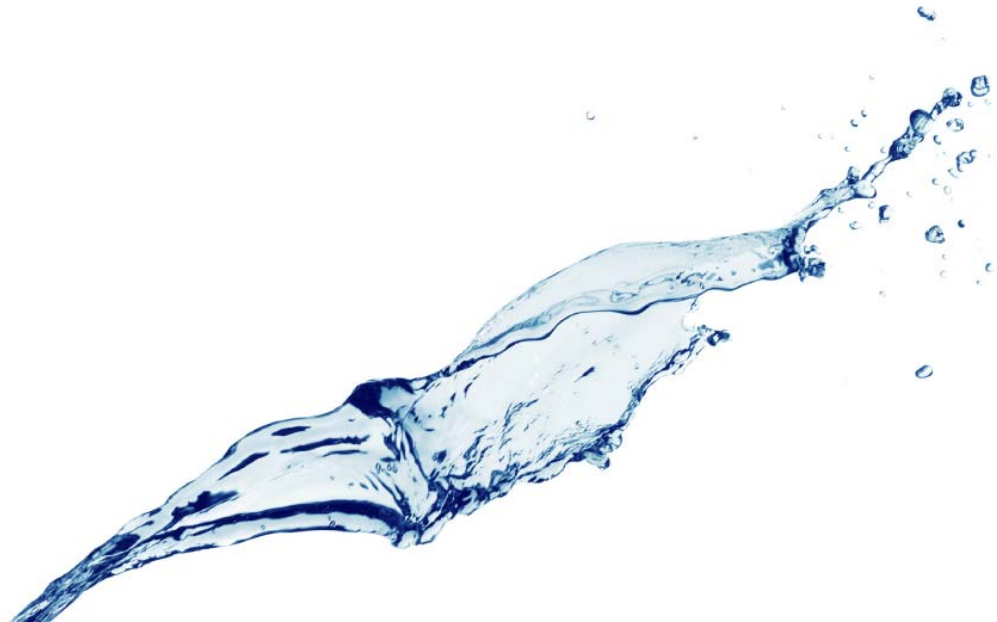
Detailed Findings

Geography-specific Findings

Sector Highlights

Concluding Remarks

Summary Results



Perspective








- **Management of water and carbon:**
 - Water reduction initiatives can result in GHG reductions as well
 - Energy conservation projects can lead to increased water use
 - Water is a tangible and shared resource
 - Water is local
- **Water has value well beyond its price - value varies by industry sector.**
- **Water stewardship requires partnerships – beyond risk management.**
- **Water scarcity drives innovation – new products, services and partnerships.**
- **Triple bottom line considerations e.g. South Africa**



Summary Results

CDP Water Disclosure demonstrated significant growth in the past year

Among the Global 500:

-  • More companies reporting on water-related issues (60%)
-  • Majority of respondents have identified water as a risk (59%)
-  • Risk awareness is less in supply chain (62%) than internally (93%)
-  • Companies have identified and are pursuing opportunities (63%)
-  • Water receives less attention than carbon at the board level (57%)
-  • Ability to report data has improved (withdrawals: 95%, recycling: 58%)
-  • Respondents understand relationship between carbon and water (72%)

 Compared to 2010



<http://www.cbc.ca/news/world/story/2011/10/08/thailand-bangkok-flooding.html>

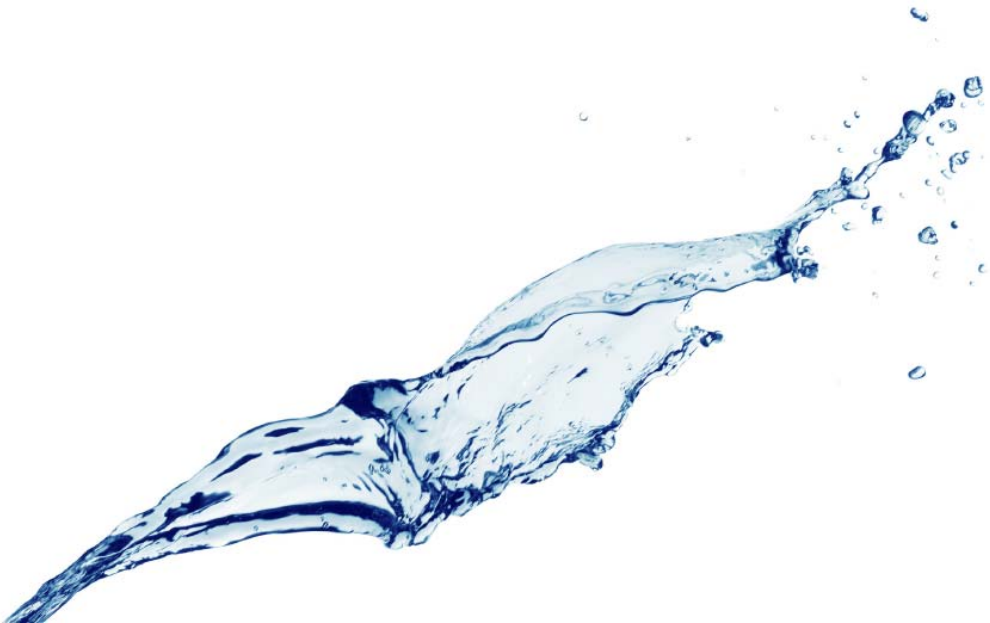
- *“unprecedented flooding following monsoon rains”*
- *“water volume is extraordinary and is beyond expectations”*



Painting by Jesus Ibarra, Chihuahua, Mexico
(see <http://www.mexicoarts.com/>)

- *Experiencing drought for years*
- *Ford's demonstration of technological innovation & partnerships*

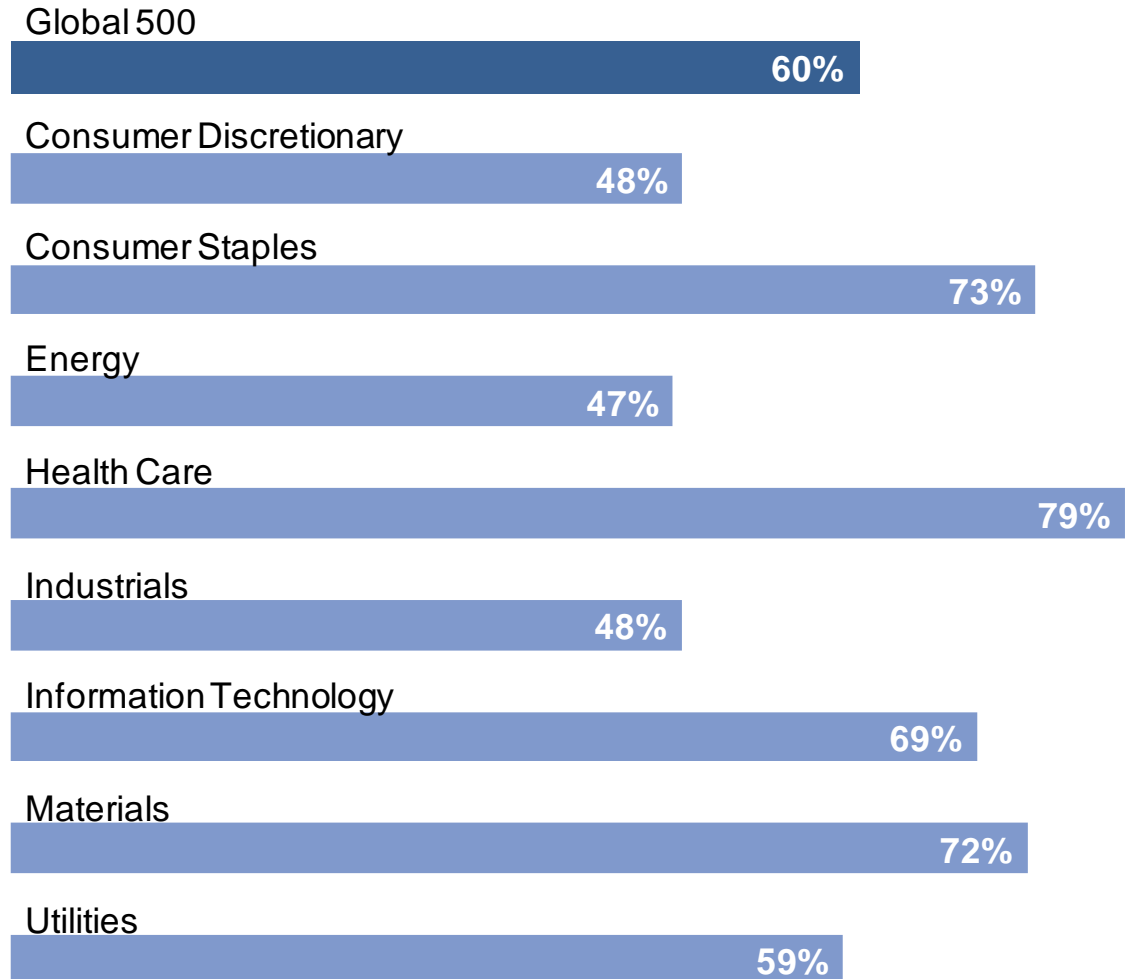
Global 500 Findings



Global 500 Findings

1 An increasing number of companies are reporting on water issues

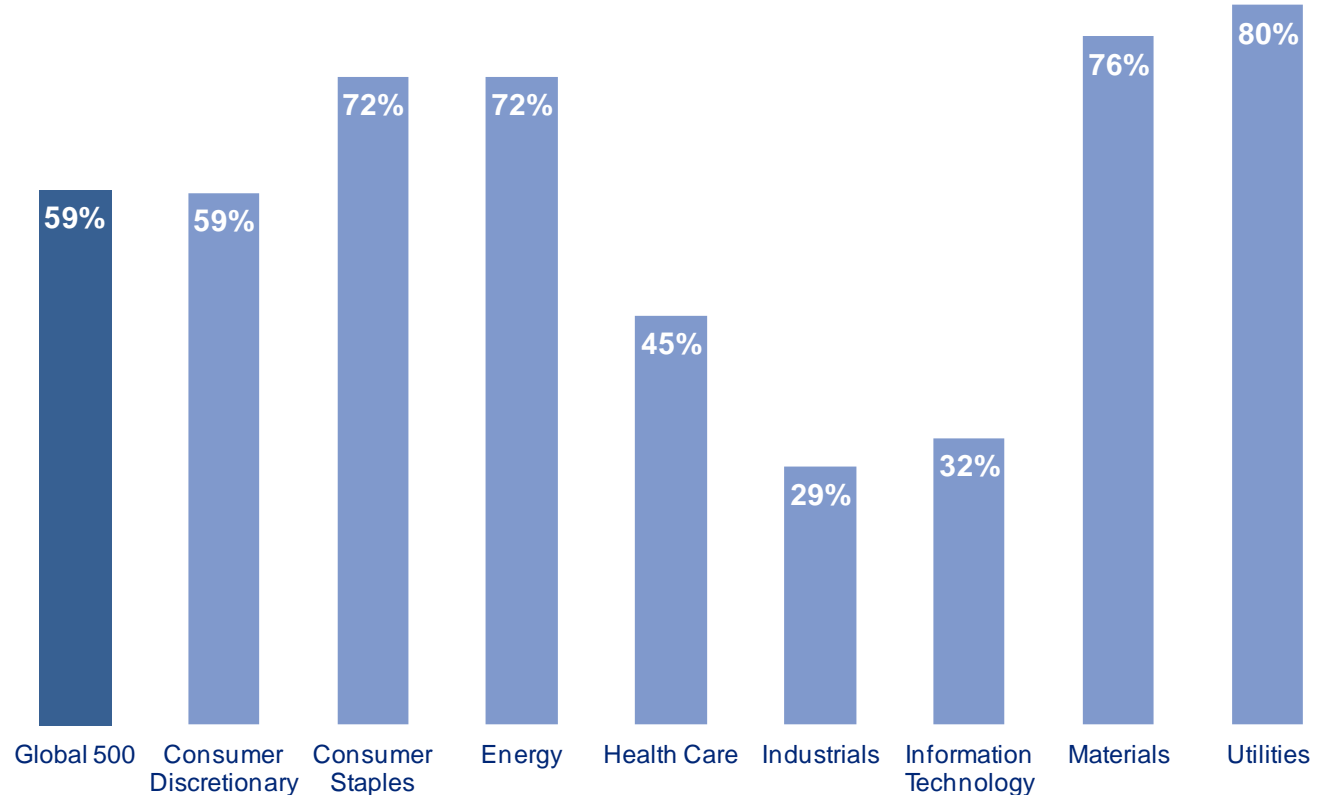
- **Response rate increased from 50% to 60%** between 2010-11 (**190 of 315** invited companies)
- **59** companies were first time respondents; **37** responded voluntarily
- **Health Care showed a high response rate (79%)**
- **Energy was significantly below the average : (47%)**



Global 500 Findings

2 The majority of respondents have identified water as a substantial risk to their business

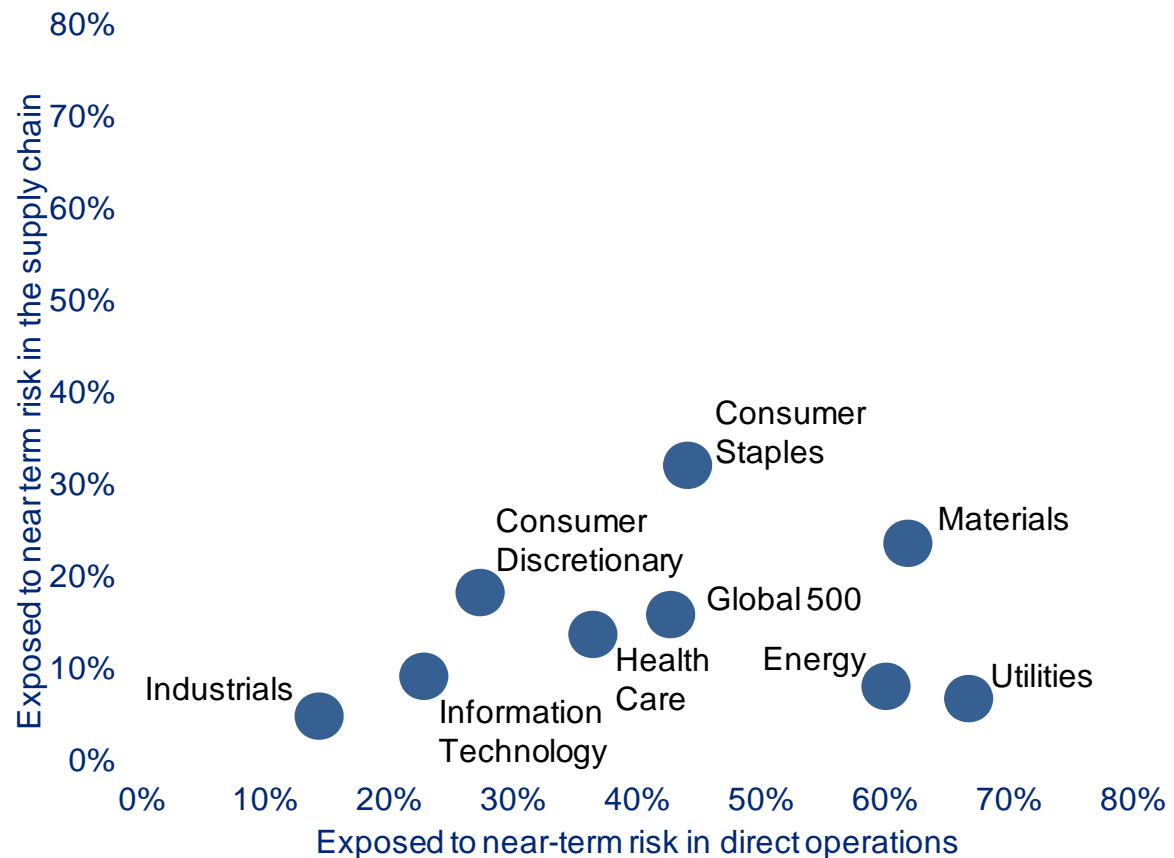
- **59%** report risks in direct operations or supply chain
 - **Two thirds of these risks are near-term (<6 yrs)**
- **Major risks:**
 - **Water scarcity**
e.g. **Southern Company**
 - **Flooding**
 - **Reputational damage**



Global 500 Findings

3 Awareness of risk in the supply chain is lower than awareness of risk in direct operations

- More companies report risk in direct operations (55%) than in the supply chain (27%)
- 82% take action to manage water resources in direct operations; 41% take action in supply chain and watershed management
- Only 26% of respondents require key suppliers to report water use, risks, and management plans



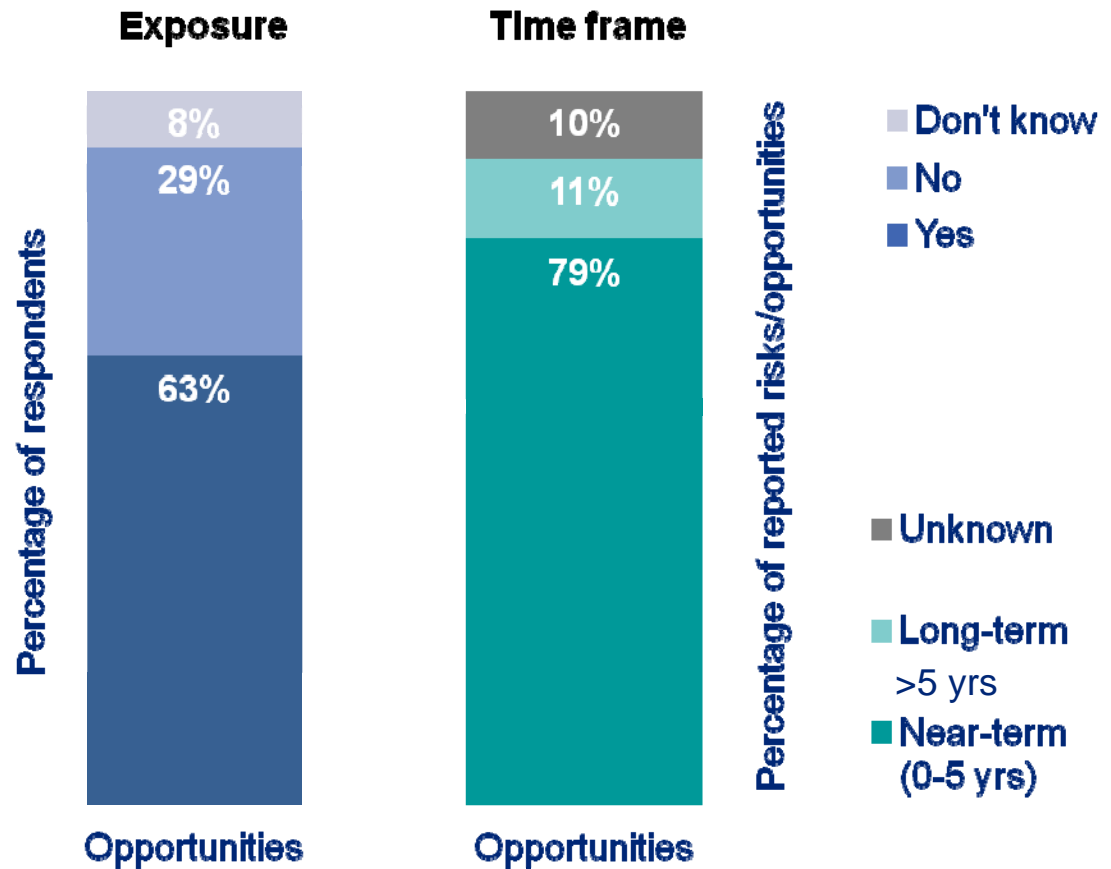
Increasing supplier reporting is vital since the supply chain often accounts for the largest portion of a company's water use and risk.

Global 500 Findings

4 Two-thirds of companies have identified water-related opportunities, and most opportunities reported are near-term

- Major opportunities:

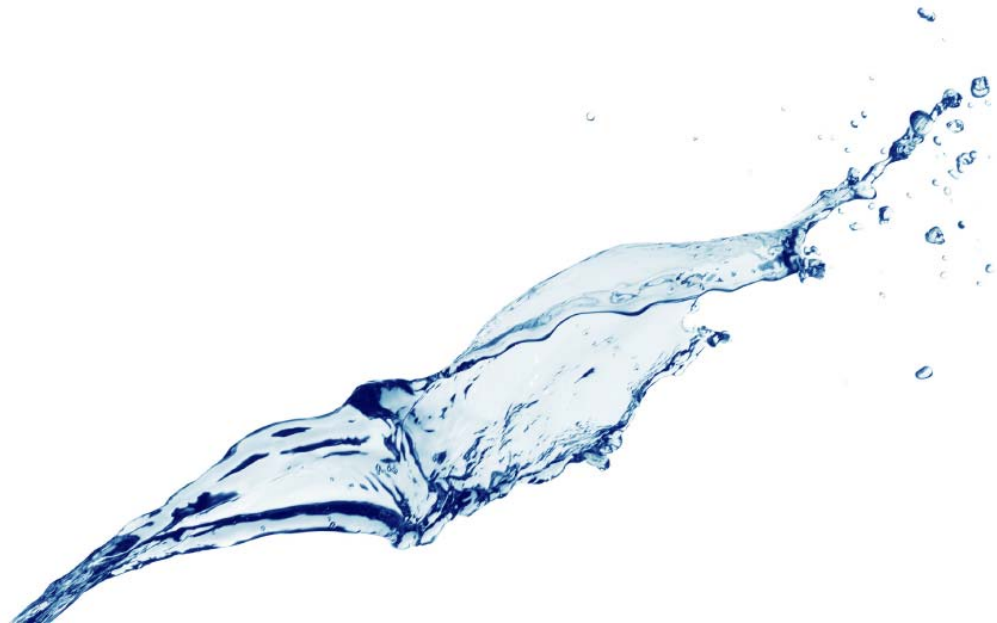
- Water-related cost savings
- Products or services with water-related benefits
- Avoid reputational risk/build brand value



Global 500 Findings

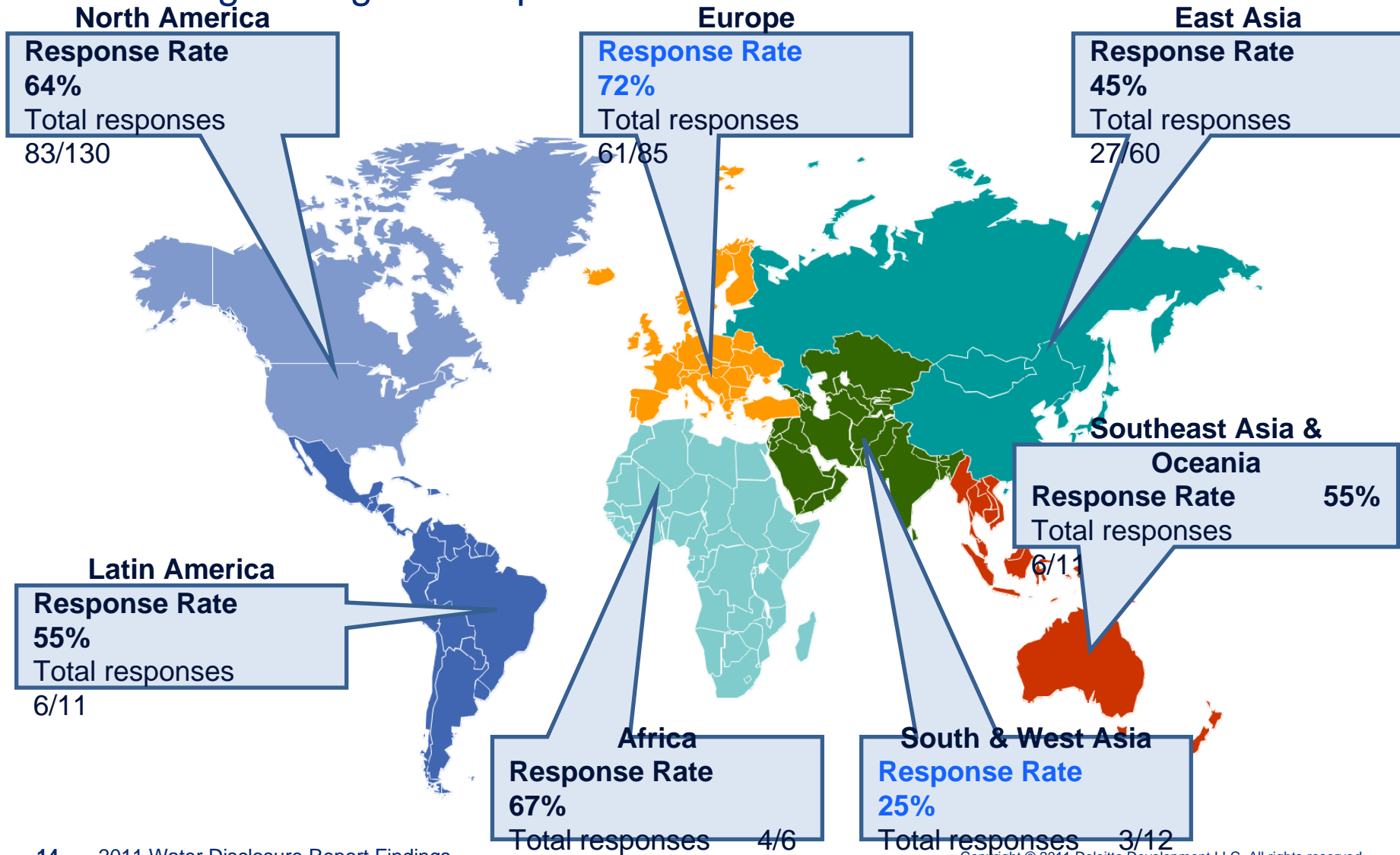
- 5 Water-related issues receive less attention than climate change at the board level
 - **Board-level oversight: 57% of water plans (10% decrease from 2010); 94% of climate change plans**
 - **93%** of companies report a water plan (water typically managed under general environmental plans rather than standalone water plans)
 - Only **57%** of respondents have set concrete, quantitative goals
 - First time respondents generally show less maturity than previous respondents

Geography-specific Findings

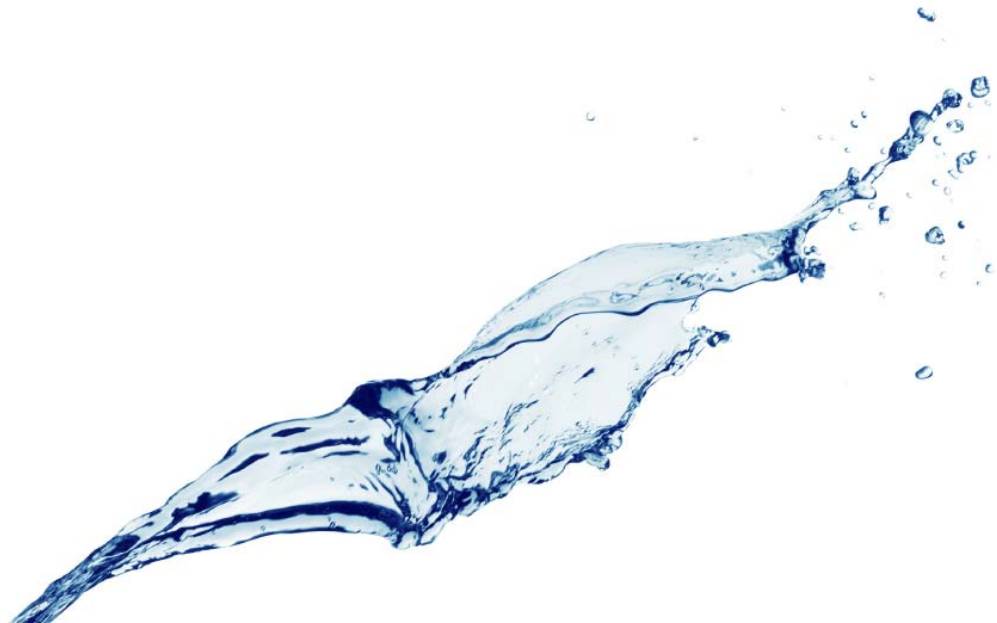


Geography-specific Findings

1 Water disclosure is expanding globally, with European companies showing the highest response rates

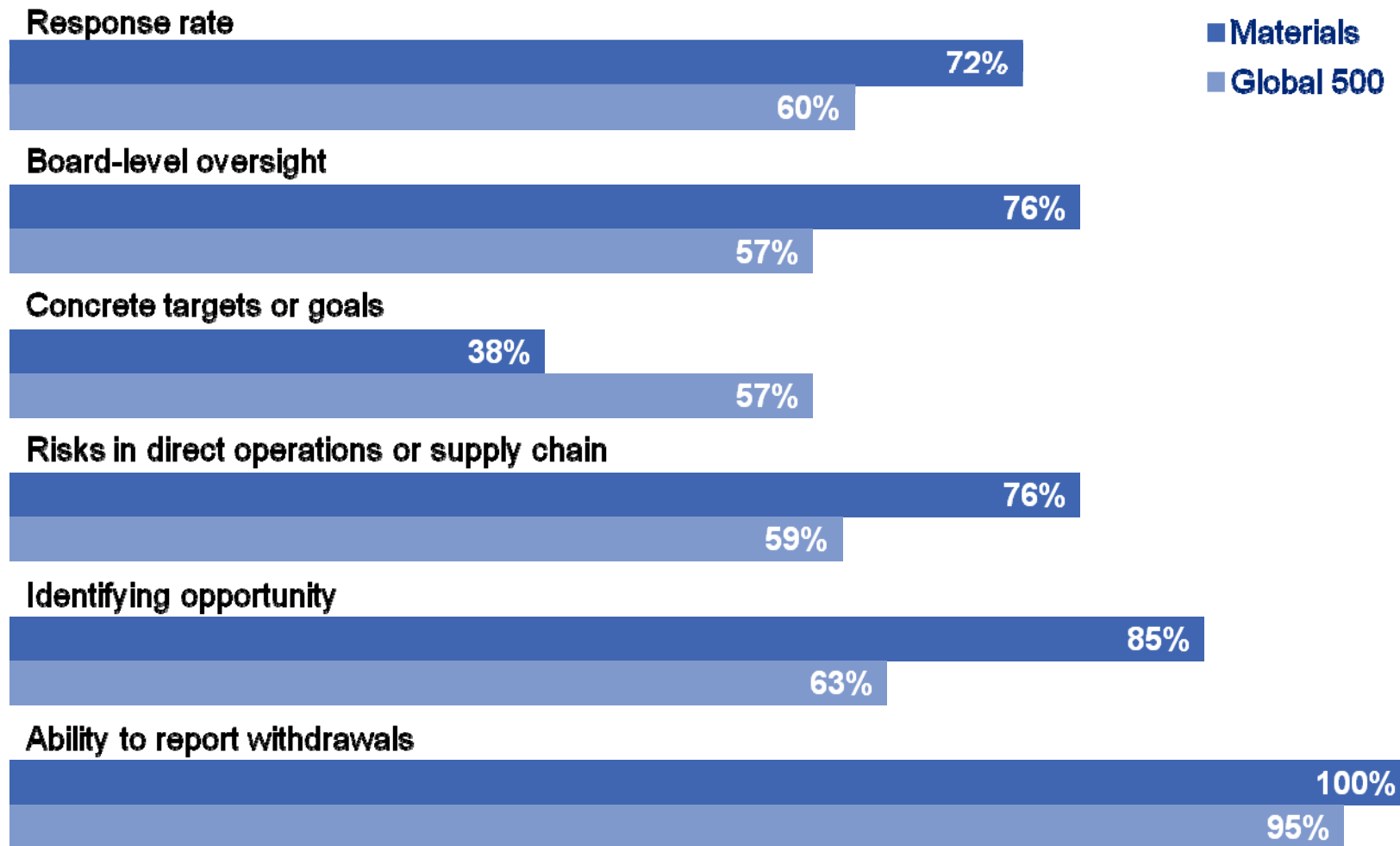


Sector Highlights



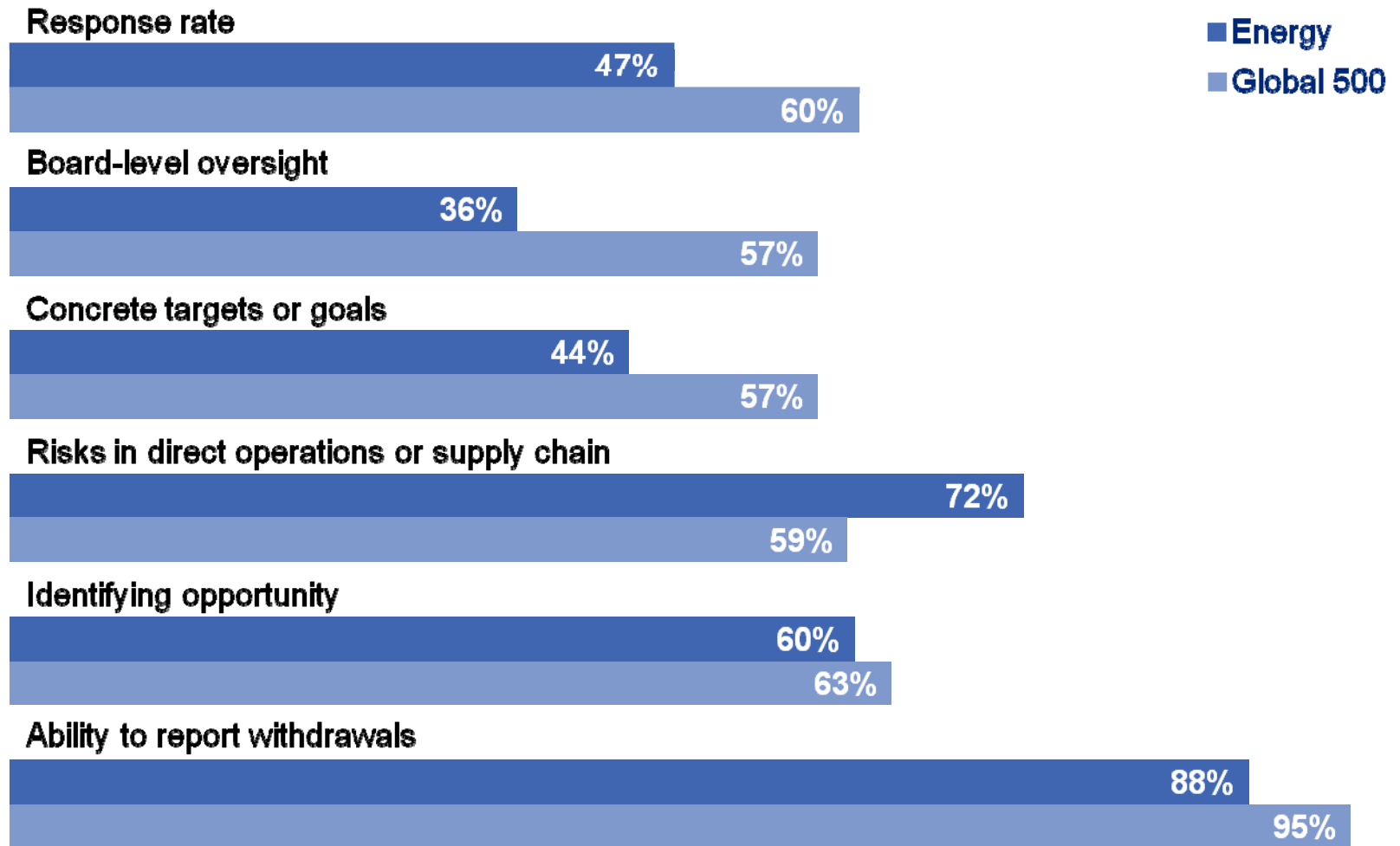
Sector Highlights

1 Materials shows significant engagement in water stewardship despite low percentage of respondents with concrete goals

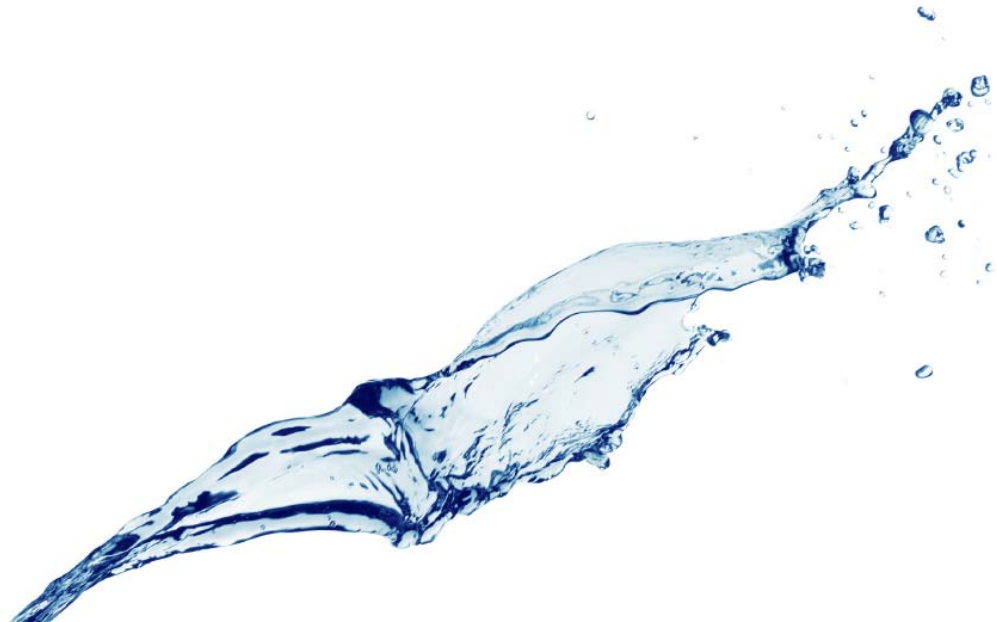


Sector Highlights

2 Energy companies report high levels of risk and low levels of board-level oversight



Concluding Remarks



Concluding remarks

Water is a strategic resource for most global businesses

- **Value of water is in business continuity, license to operate, and brand value**
- **Water scarcity is about water risk and business risk; understanding risk is only the beginning of successful water stewardship**
- **Stewardship requires stakeholder engagement to collaboratively manage water as a shared resource**
- **CDP Water Disclosure is an important effort in transforming how to manage an essential natural resource**
- **2011 results indicate that water disclosure will continue to expand, likely following a similar path to that of the carbon**

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