How are companies considering river basin health in investment decisions?

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CDP’S VISION & MISSION

To see a thriving economy that works for people and planet in the long term.

To focus investors, companies and cities on taking urgent action to build a truly sustainable economy by measuring, understanding and reporting their environmental impact.
CDP provides data, benchmarks and insights on impacts, risks, opportunities, investments and strategies back to investors & purchasers.
CDP’S WATER QUESTIONNAIRE

Serves two purposes:

1. To collect business-relevant water-related data in a standardized, comparable format that we make available to the market.

2. To catalyze action within the responding entity, spark strategic dialogues on water that may never have happened and elevate the value of water.
THE ANNUAL DISCLOSURE CYCLE - HOW IT WORKS

- Water security
- Request information
- Innovation and impact reduction
- Boost capacity gather data
- Data used by markets
- Submit response
- Public benchmark
- Score
2023 IN REVIEW

13,356 high impact companies were asked to provide water-related data via CDP.

4,815 responded

23% from 2022

90% increase in the last 10 years
WHAT THIS LOOKS LIKE FOR TRANSBOUNDARY COOPERATION AND BASIN DEVELOPMENT

Question

Does your organisation undertake a water-related risk assessment? If so, provide details.
Risk assessments – contextual issues considered

- Water regulatory frameworks
- Water availability at a basin/catchment level
- Access to fully-functioning, safely managed WASH
- Water quality at a basin/catchment level
- Status of ecosystems and habitats
- Implications of water on your key commodities
- Stakeholder conflicts concerning water resources at a basin level
- Impact on human health
Risk assessments – stakeholders considered

- Employees
- Local communities
- Customers
- Regulators
- Suppliers
- Water utilities at a local level
- Investors
- Other water users at the basin level
- NGOs
Question

By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?
This year

1,813 organisations reported

5,076 facilities exposed to water risk across

217 river basins in

137 countries.

Facilities located in river basins in China, Mexico, Japan and India are most at risk
“Ho Chi Minh City is located at the southern tip of the Mekong River. Its access to water is greatly influenced by the actions of upstream actors across the Mekong region (China, Myanmar, Thailand, Laos and Cambodia).

These transboundary challenges include the absence of upstream dams, lack of regulatory frameworks, increased flooding, excessive groundwater extraction and local sand mining.

These complex, transnational challenges contribute to increased water stress for the entire Mekong region and suppliers in Ho Chi Minh City in particular.”

PVH Corp operating in the Mekong Delta (Vietnam)
Top 20 river basins at risk, threatening more than 1% of company total global revenue
229 organisations state that these river basin risks could threaten more than 80% of their company’s total global revenue

“As a PCB [circuit board] manufacturer, most processes need water. If there is not enough high-quality water supply in the whole production process, the production cannot be carried out and the operation will stop”

WUS, operating in the Yangtze river basin (China)

“Both of our facilities are located in Italy in the Po basin. Since these two sites represent the whole production, in case of impacts caused by extreme events, the entire global revenue could be affected”

Bormioli Luigi, operating in the Po basin (Italy)
companies and investors are more aware of what a river basin is and that the health of the river basin is synonymous with the health of their business

companies report investing more than $100 billion in actions to mitigate water risks and impacts

they are identifying projects and taking action to mitigate these risks

these projects may contribute to basin health, but they may not

IMPLICATIONS FOR BUSINESS – Risk mitigation

$100 BILLION
Investment in water action
TIME FOR GREATER CLARITY

- boost the number of financial institutions and companies disclosing through CDP;
- influence corporate disclosure regulations and rating agencies to integrate basin-scale action into methodologies and proposals;
- scale up the adoption of science-based targets for freshwater and the AWS standard to validate and align corporate site-based investments with basin needs;
- explore ways in which we can better channel the $100bn; and
- integrate transboundary cooperation information into existing corporate water risk tools.
THANK YOU