

# INTRODUCTION TO CDP WATER SECURITY DISCLOSURE

Hosted by CDP Europe  
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# SPEAKERS



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ESG Analyst  
*Union Investment*



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Responsible Investment  
Officer  
*ACTIAM*



**Torun Reinhammar**  
Associate Director Capital  
Markets Europe  
*CDP Europe*



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Corporate Engagement  
Manager  
*CDP Europe*

# AGENDA

- ▼ Water – Why should we care?
- ▼ CDP's water security work
- ▼ Investor demand for corporate water data (incl. panel discussion)
- ▼ CDP's water security questionnaire
- ▼ CDP 2022 disclosure timeline and resources
- ▼ Q&A



# WATER: WHY SHOULD WE CARE?



# WATER – WHY SHOULD WE CARE?

*“If climate change is the shark, then water is its teeth”*

Paul Dickinson, Executive Chair, CDP







**> 50%**

**Shortfall of the available  
global water supply  
expected by 2030**

WRI 2020



**4 billion**

**People experience  
severe water scarcity  
for at least one month  
each year**

UNICEF 2021



**6 out of 9**

**Planetary boundaries  
have passed the safe  
zone, including  
freshwater**

Stockholm Resilience Center 2022



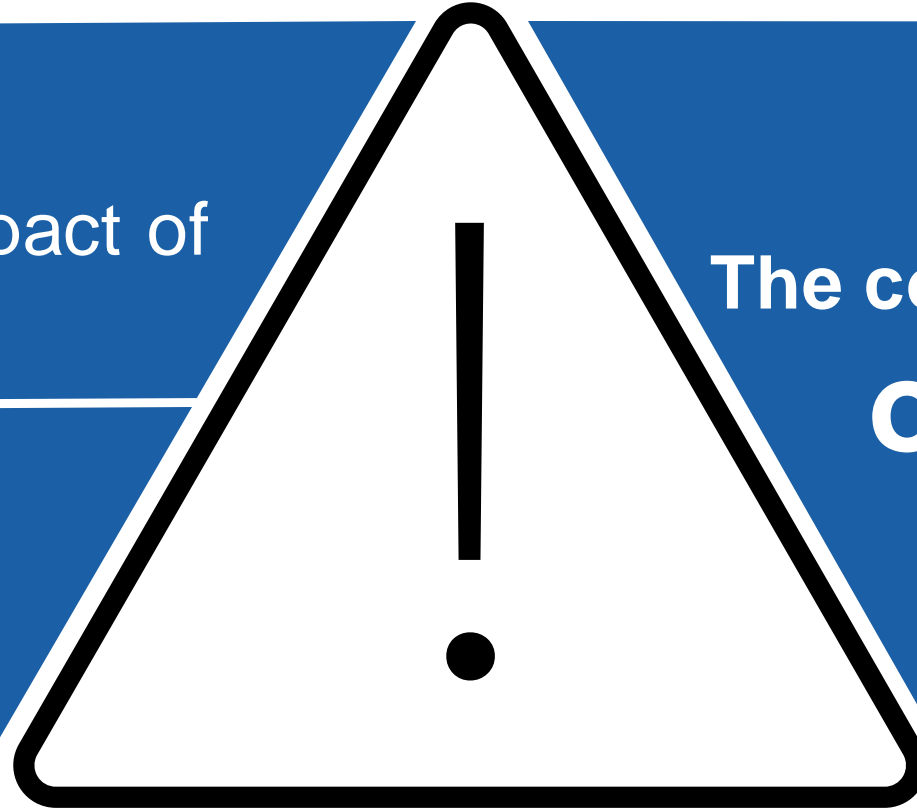
# THE ECONOMIC IMPERATIVE TO ACT ON WATER IS STRONGER THAN EVER

**US\$ 301 bn**

potential financial impact of water risk

**US\$ 55 bn**

Money required to mitigate those risks



The cost of inaction could be  
**over 5x higher**  
than the cost of action

Based on responses from 357 companies that recorded both potential financial impact of water risks and the cost of mitigating those risks in their 2020 response to CDP's Water Security questionnaire.



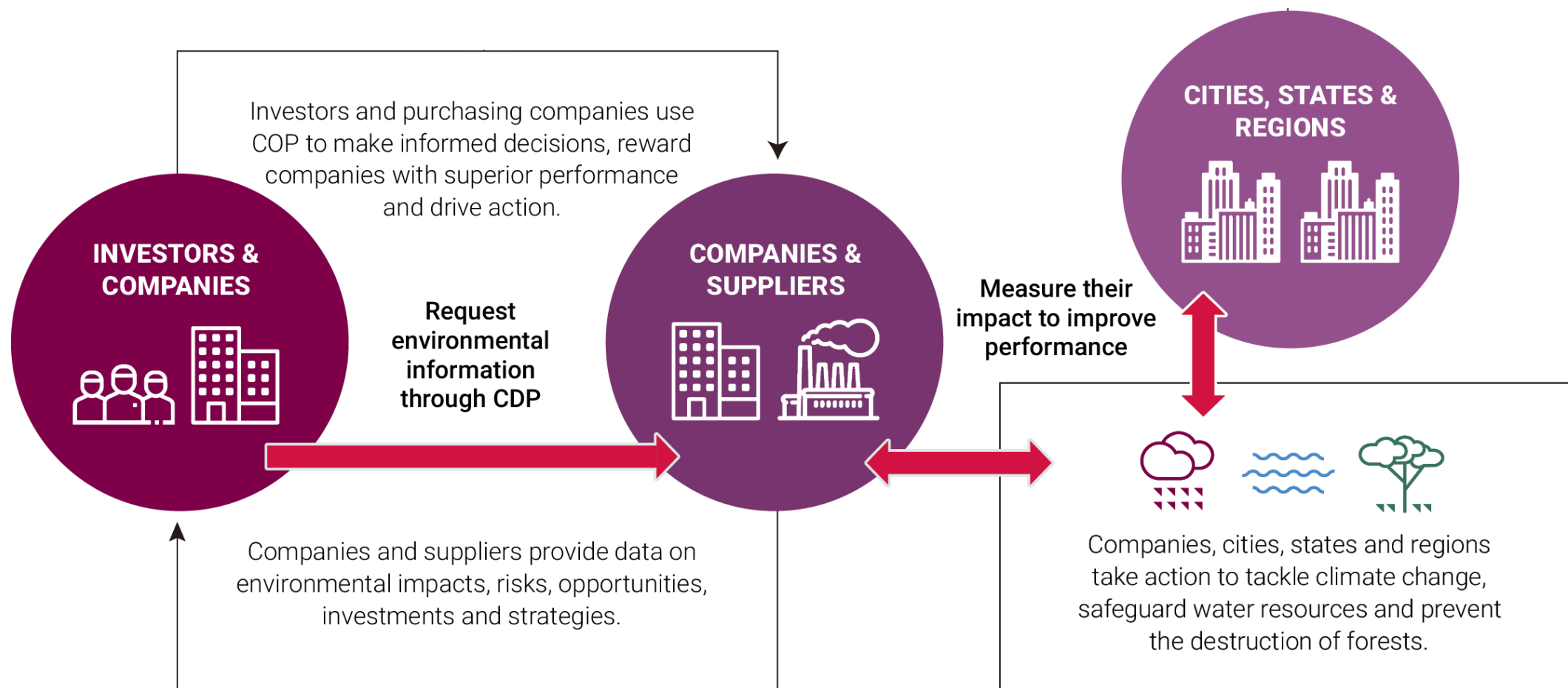
# CDP'S WATER SECURITY DISCLOSURE



#CDPWater | @CDP



# THE CDP SYSTEM: LINKING FINANCE AND BUSINESS TO REDUCE RISKS





# CDP'S WATER SECURITY WORK



In 2021, over **3,300 high impact companies** provided water-related data via CDP's water security questionnaire



CDP is motivating companies in **110 countries** and **across all sectors** to take ambitious action on water security



The data collected and scores generated are used by **over 680 institutional investors with more than \$130 trillion in assets** and **200+ large purchasing organizations**



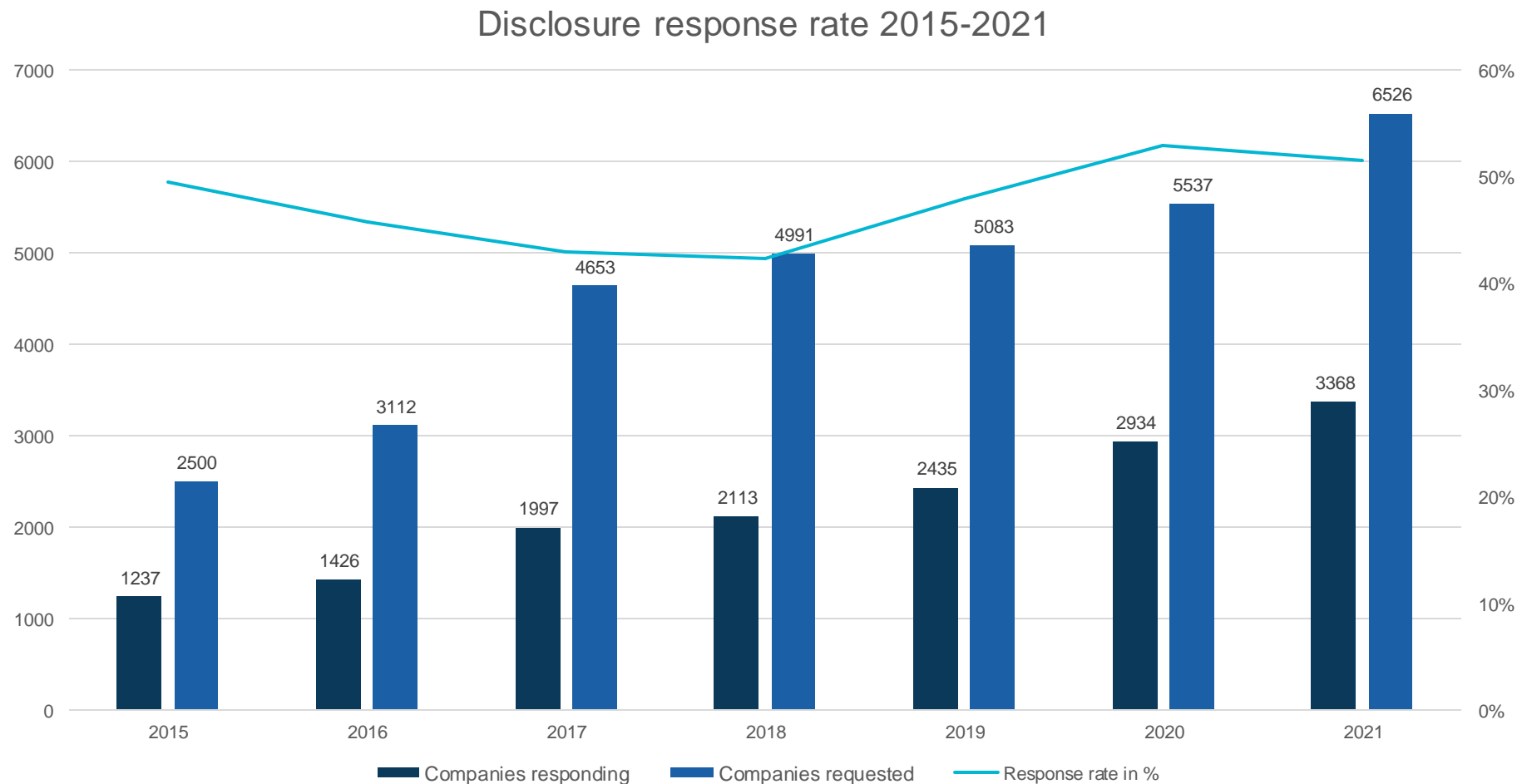
# MAINSTREAMING ENVIRONMENTAL TRANSPARENCY

3,368

Organizations reporting on  
Water Security to investors  
and customers through CDP.

15%

Growth in disclosure  
from 2020 to 2021



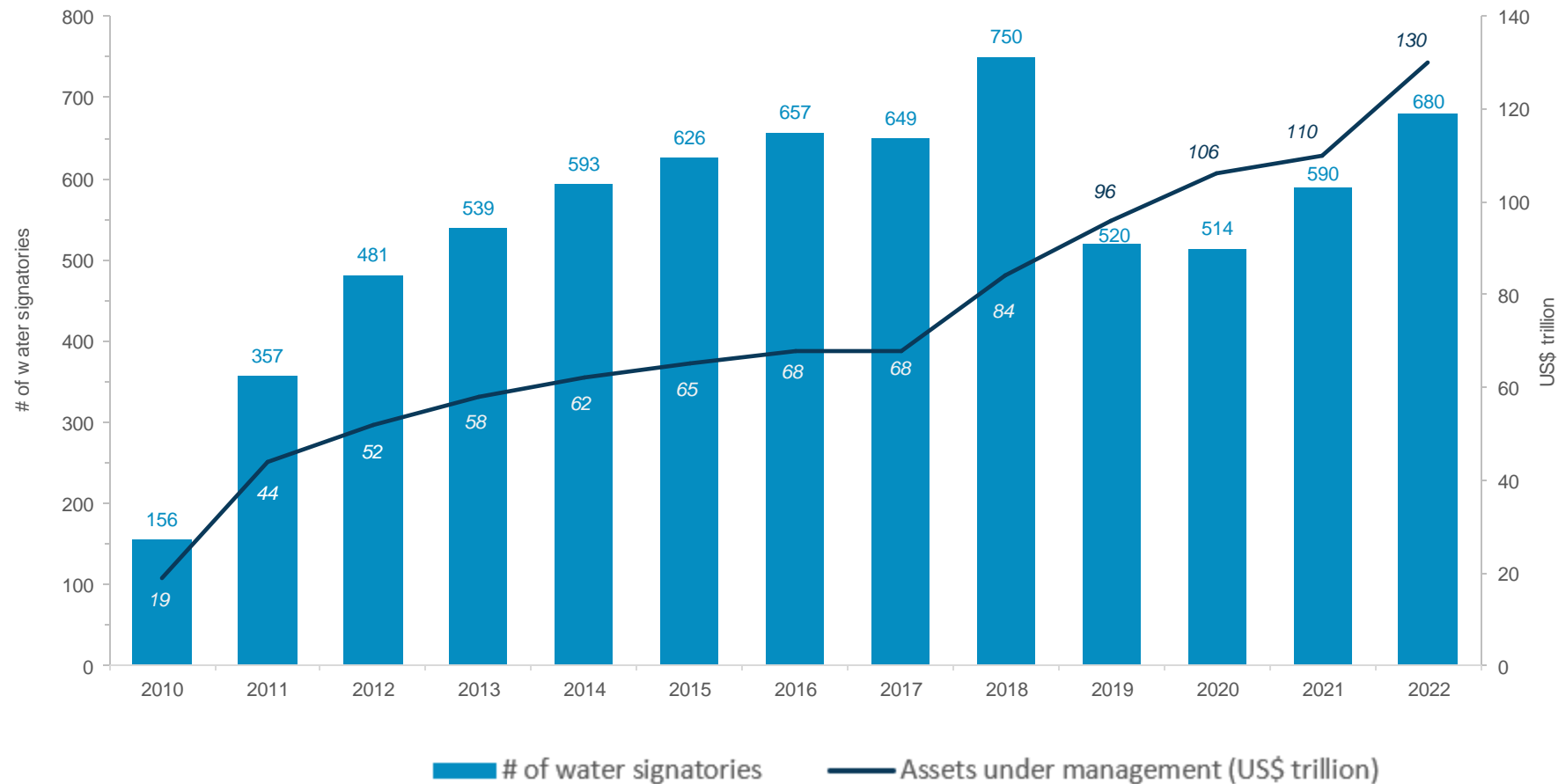


# INVESTOR DEMAND FOR CORPORATE WATER DATA





# CDP INVESTOR SIGNATORIES TO THE WATER REQUEST 2010 - 2022



**“Companies that disclose through CDP ranked 19 percentiles better than the average business in their ability to access capital”** according to research by McGill University and consultancy firm Milani

# CDP WATER DATA IN INVESTMENT DECISIONS



## ▼ by 680+ CDP signatories

- to screen companies
- to assess the water risk/impact of their portfolio
- to engage companies: seek clarification, hold companies accountable and identify improvements
- to build “house ratings” (can be the “E” input to an internal ESG rating) or using it to complement other ratings

## ▼ in financial indices (e.g., Euronext CDP Water Eurozone Index)



## ▼ in research products and ratings





# INVESTOR PANEL

## PANELISTS



**Angela Quiroga**  
ESG Analyst  
*Union Investment*



**Nadja Franssen**  
Responsible Investment  
Officer  
*ACTIAM*

## MODERATOR



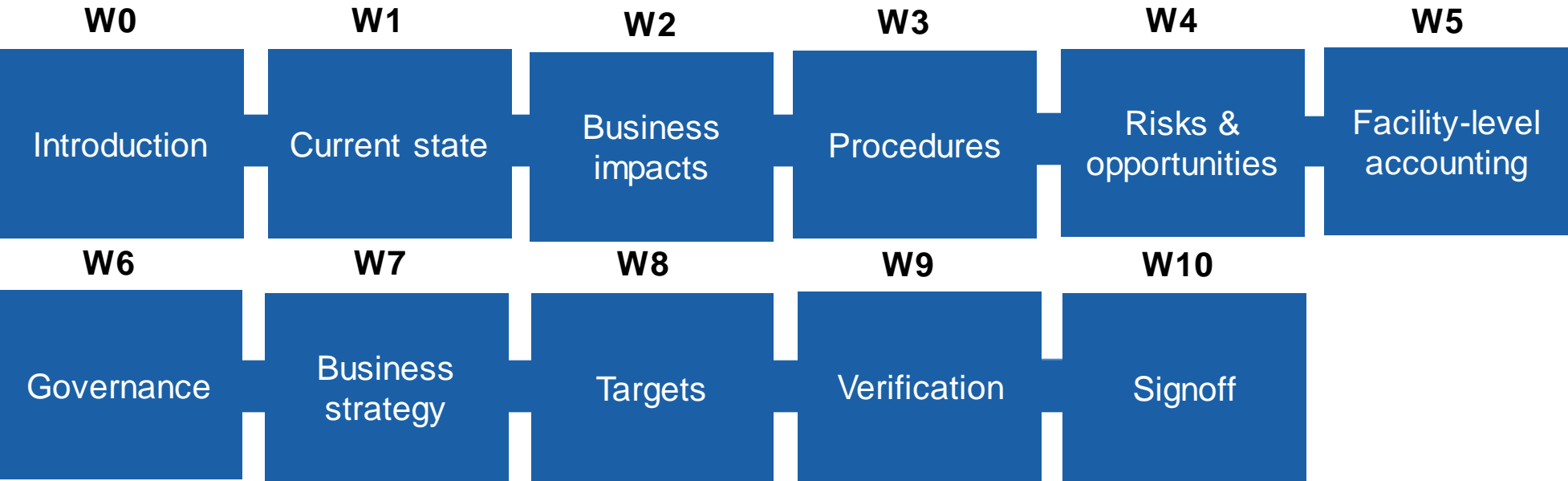
**Torun Reinhammar**  
Associate Director Capital  
Markets Europe  
*CDP Europe*

# CDP'S WATER SECURITY QUESTIONNAIRE: A FRAMEWORK FOR ACTION



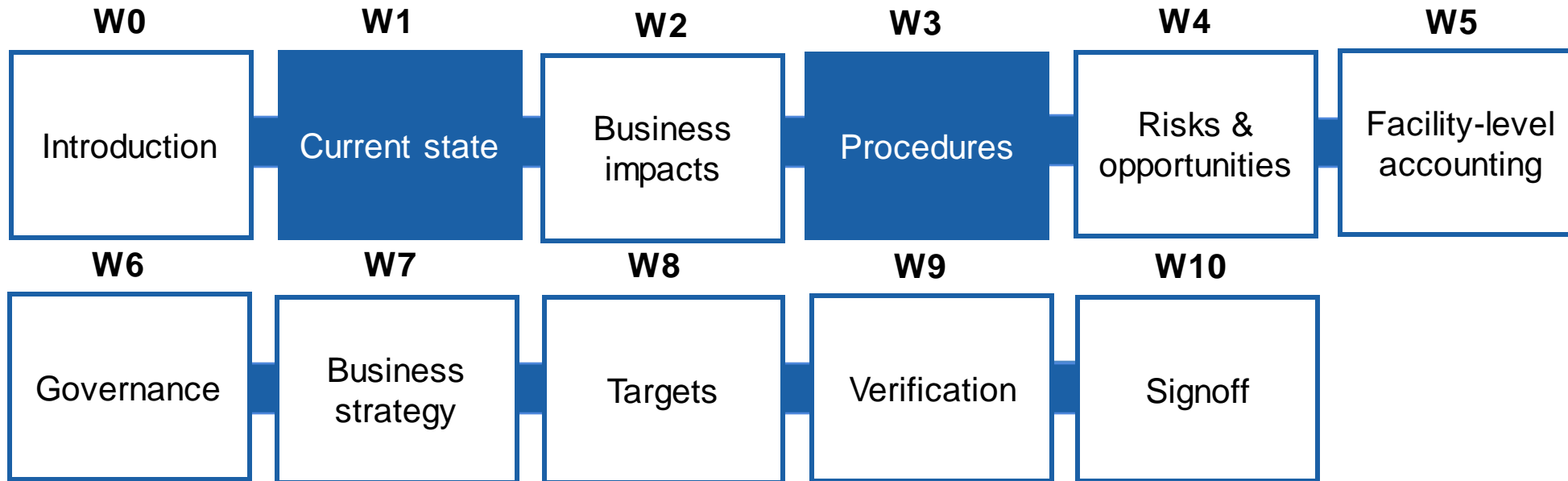


# CDP'S WATER SECURITY QUESTIONNAIRE: a framework for action on water stewardship



Drives the integration of water into business governance and strategy

# CDP'S WATER SECURITY QUESTIONNAIRE: a framework for action on water stewardship



## Current state:

- ▶ Dependence
- ▶ Company-wide water accounting
- ▶ Value chain engagement

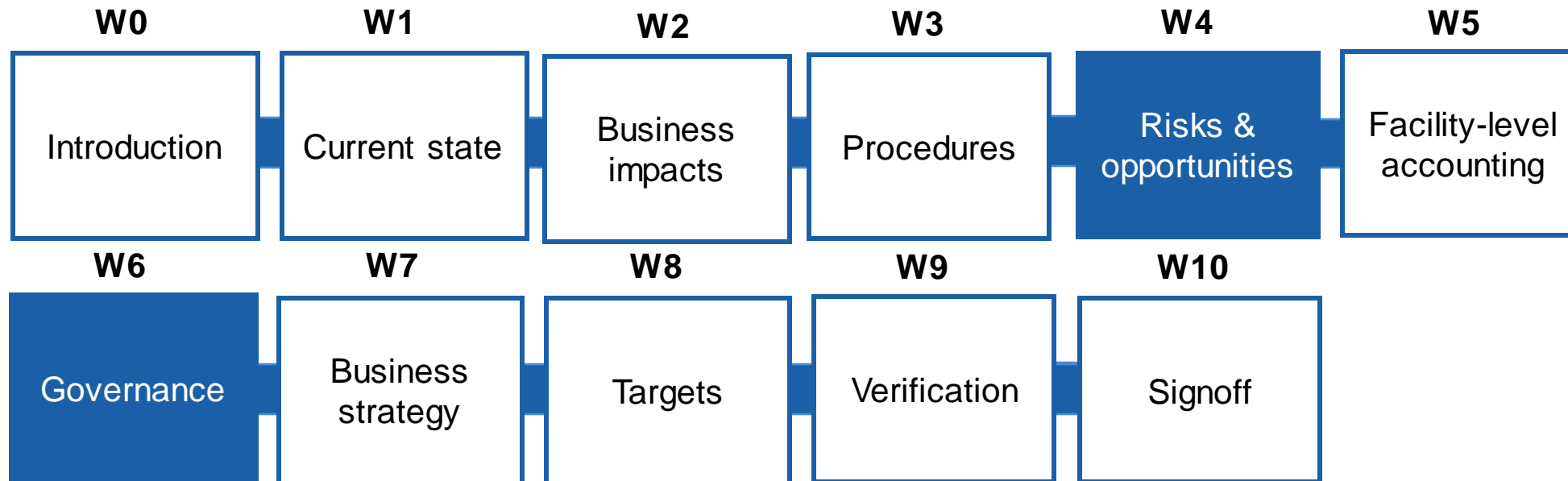


## Procedures:

- ▶ Water-related risk assessment?
  - ✓ Yes: describe process
  - ✓ No: explain why



# CDP'S WATER SECURITY QUESTIONNAIRE: a framework for action on water stewardship



## ▼ Risks & Opportunities:

- ▼ Definition of substantive risk
- ▼ Water-related risks and response
- ▼ Water-related opportunities

## ▼ Governance:

- ▼ Company's water policy
- ▼ Board oversight
- ▼ Employee incentives

# TRAJECTORY TO WATER SECURITY LEADERSHIP

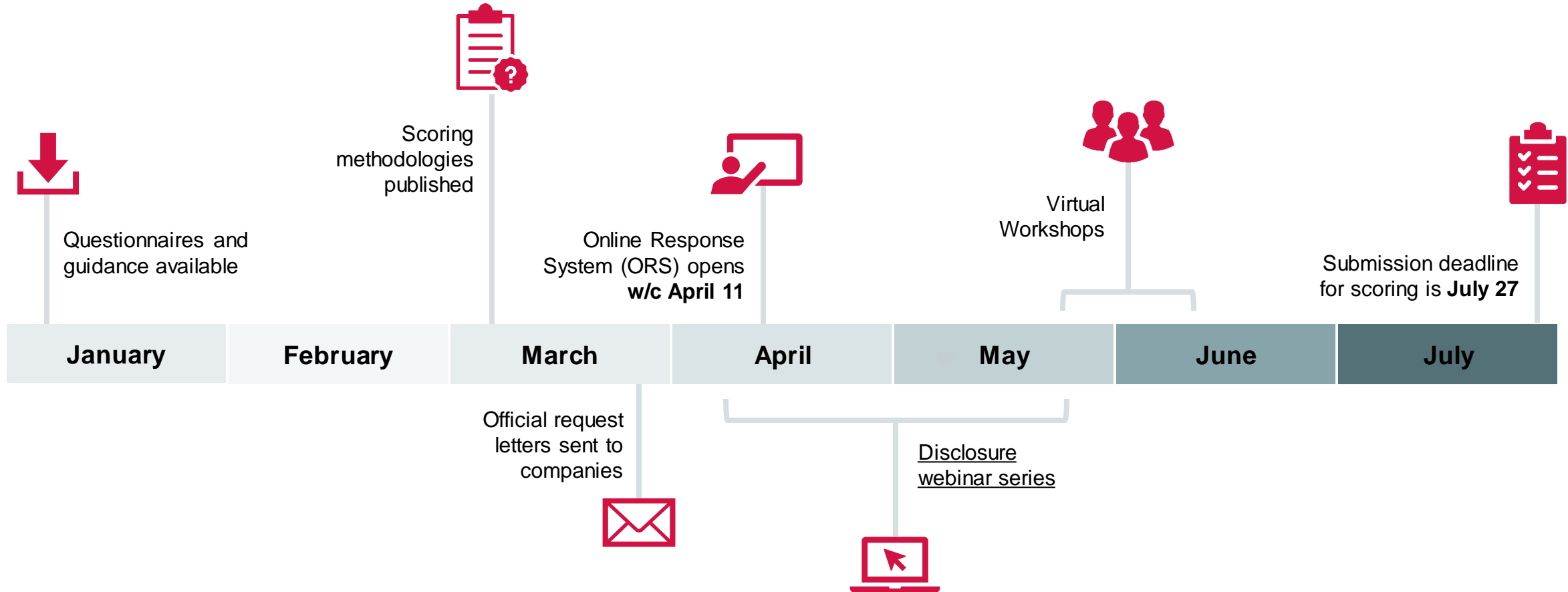
D-/D		C-/C		B-/B	A-/A
DISCLOSURE		AWARENESS		MANAGEMENT	LEADERSHIP
<i>"This is where we are at"</i>		<i>"What does water security mean to our company?"</i>		<i>"How do we manage our water risks and impacts?"</i>	<i>"How can we solve the water security problem?"</i>
<ul style="list-style-type: none"> <li>Partial disclosure</li> <li>Monitoring and measuring water withdrawal and discharges</li> <li>Early stage of water risk assessment</li> </ul>		<ul style="list-style-type: none"> <li>Identification of some water-related risks</li> <li>Provision of withdrawal and discharge figures</li> <li>Identification of water stress areas</li> <li>Early stage of water-related target setting</li> </ul>		<ul style="list-style-type: none"> <li>Complete disclosure</li> <li>Governance mechanisms</li> <li>Extended risk and impact assessment</li> <li>Quantification of risks and respond strategies</li> <li>Internal price for water</li> <li>Progress against targets</li> </ul>	<ul style="list-style-type: none"> <li>Full integration into governance and long-term planning</li> <li>Incentives tied to water-related improvements</li> <li>Absolute reductions in water use and pollution</li> <li>Public policy engagement</li> </ul>



# CDP 2022 DISCLOSURE TIMELINE AND RESOURCES



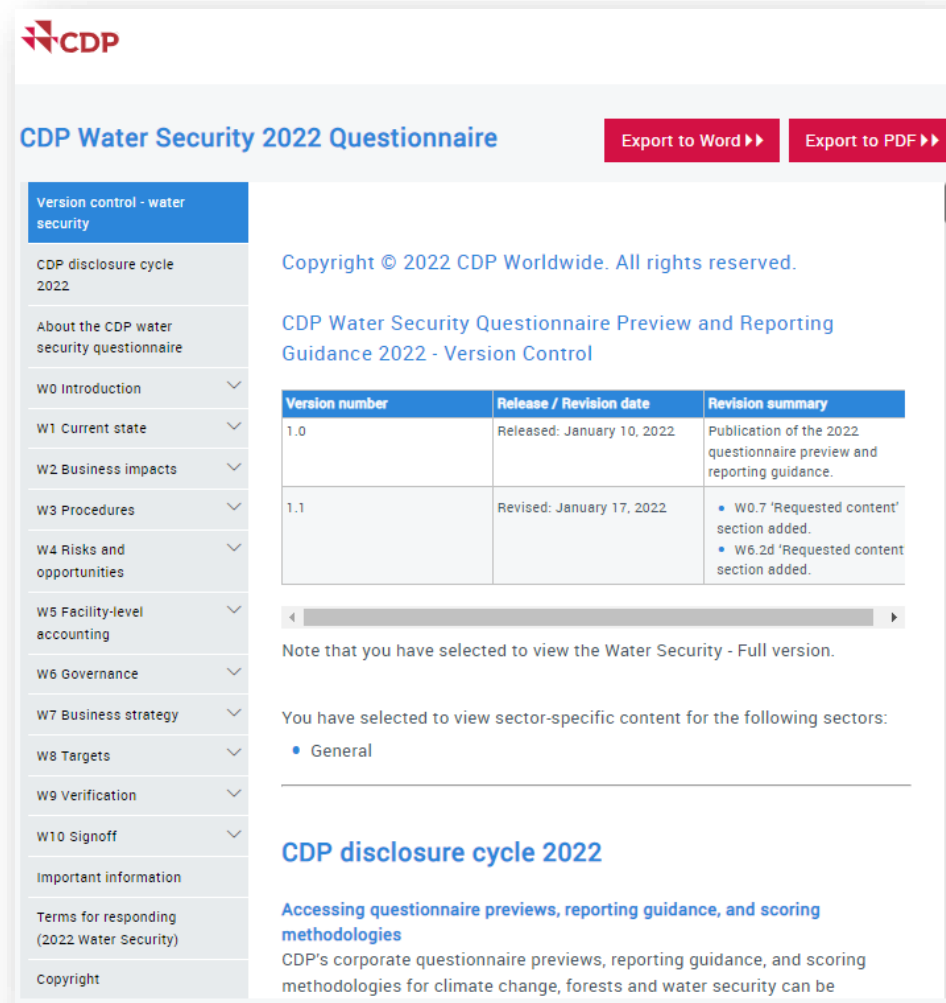
# THE 2022 DISCLOSURE TIMELINE





# KEY RESOURCES FOR 2022 WATER SECURITY DISCLOSURE

- ▼ Visit the [Guidance for companies website](#) to access 2022 disclosure resources:
  - ▼ Water Security Questionnaire 2022
  - ▼ Water Security Reporting Guidance 2022
  - ▼ Water Security Scoring Methodology 2022
  - ▼ Water Security Questionnaire Changes 2021-2022
  - ▼ Water Security Scoring Methodology Changes 2021-2022
  - ▼ Water Security Scoring Categories and Weighting 2022



The screenshot shows the CDP Water Security 2022 Questionnaire website. It features a sidebar with a version control menu, a main content area with a table of revisions, and a section for accessing questionnaire previews and reporting guidance.

**Version control - water security**

- CDP disclosure cycle 2022
- About the CDP water security questionnaire
- W0 Introduction
- W1 Current state
- W2 Business impacts
- W3 Procedures
- W4 Risks and opportunities
- W5 Facility-level accounting
- W6 Governance
- W7 Business strategy
- W8 Targets
- W9 Verification
- W10 Signoff
- Important information
- Terms for responding (2022 Water Security)
- Copyright

**CDP Water Security 2022 Questionnaire** [Export to Word](#) [Export to PDF](#)

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CDP Water Security Questionnaire Preview and Reporting Guidance 2022 - Version Control

Version number	Release / Revision date	Revision summary
1.0	Released: January 10, 2022	Publication of the 2022 questionnaire preview and reporting guidance.
1.1	Revised: January 17, 2022	<ul style="list-style-type: none"><li>W0.7 'Requested content' section added.</li><li>W6.2d 'Requested content' section added.</li></ul>

Note that you have selected to view the Water Security - Full version.

You have selected to view sector-specific content for the following sectors:

- General

**CDP disclosure cycle 2022**

[Accessing questionnaire previews, reporting guidance, and scoring methodologies](#)

CDP's corporate questionnaire previews, reporting guidance, and scoring methodologies for climate change, forests and water security can be

# 2022 CORPORATE DISCLOSURE WEBINARS



▼ **Introduction into CDP Forests disclosure** - *Thursday 12 May | 11:00 CEST*

Recordings and slides available for

- ▼ **Benefits of CDP disclosure**
- ▼ **Getting started with CDP disclosure**
- ▼ **CDP Disclosure for Financial Services Companies in 2022 and beyond**
- ▼ **Changes to CDP's 2022 questionnaires and scoring methodologies**



Europe corporate disclosure webinars

<https://www.cdp.net/en/events/europe-disclosure-webinars>



# BENEFITS FOR FIRST-TIME RESPONDERS TO WATER SECURITY QUESTIONNAIRE



## ▼ Full version

- ▼ Option to **keep your score private** from capital market stakeholders
- ▼ Test the data availability and collection process, assess them against the CDP requested data-points

## ▼ Eligible to Minimum version (optional choice)

- ▼ Same modules as full version, but fewer questions and **no scoring**
- ▼ Gain **responder status** and share your water data with requesting authorities
- ▼ Extended deadline (September 28)

See [Scoring Introduction 2022](#) for more information

# RELEASED TODAY: Stranded assets report

## *HIGH AND DRY: HOW WATER ISSUES ARE STRANDING ASSETS*

- ▶ The global water crisis is already leading to stranded assets at some of the world's largest companies.
- ▶ There are significant financial risks for global asset managers and national governments with shareholdings in companies with high water usage.
- ▶ Financial institutions need to understand their exposure to water risks and take steps to prevent them. They can do this by increasing transparency: assessing the problem, disclosing the findings, and engaging with investors.



[Register here](#) for the launch event on **Wednesday 25<sup>th</sup> May**



Thank you for joining!

Questions?