



In the U.S, water is a strategic resource for most businesses. The reasons are straightforward. A growing population and increasing economic activity coupled with declining water quality in many regions have resulted in increased competition for water in the public and private sectors. While the term “water scarcity” is frequently heard, we are more specifically experiencing greater competition for water; we are placing greater demands on an irreplaceable natural resource.

Pressure is growing therefore for U.S. companies to integrate water into strategic business decisions. In CDP’s experience, while most companies clearly recognise water as an issue, too few recognize its strategic importance or understand the risks. Further, the immediacy of water risks is often underestimated. Water shortages and restrictions in licenses to operate may not be as far away as some companies think. In fact 46 percent of U.S. companies engaging with CDP have already suffered detrimental business impacts as a result of water issues with costs for some as high as US\$400 million and projected impacts as high as US\$1 billion.

It is therefore no surprise that investors are filing record numbers of environmental and social policy resolutions on water, particularly in the U.S.¹ Investors and companies that understand the complexities of water and devise and implement a strategy that drives water stewardship will be the long-term winners in an increasingly water-stressed world. A report released earlier this year by CDP and Eurizon Capital analyzing the metals and mining sector revealed that companies acting to manage water strategically perform better financially.

While some U.S. companies are realizing water-related gains, there is a significant disparity between investor expectations and company actions. The number of investors requesting corporate water data and expecting action through CDP has quadrupled in just three years. The economic effects of mismanaging water resources are becoming increasingly apparent and we at CDP are concerned that U.S. companies may not be truly prepared in the face of worsening water challenges. We believe a shift in practice is required if U.S. companies are to realize the true benefits of water stewardship, achieve business resilience and competitive advantage and minimize the multitude of very real business risks posed by water.

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¹ Sustainable Investments Institute (Si2), 20th August 2013.