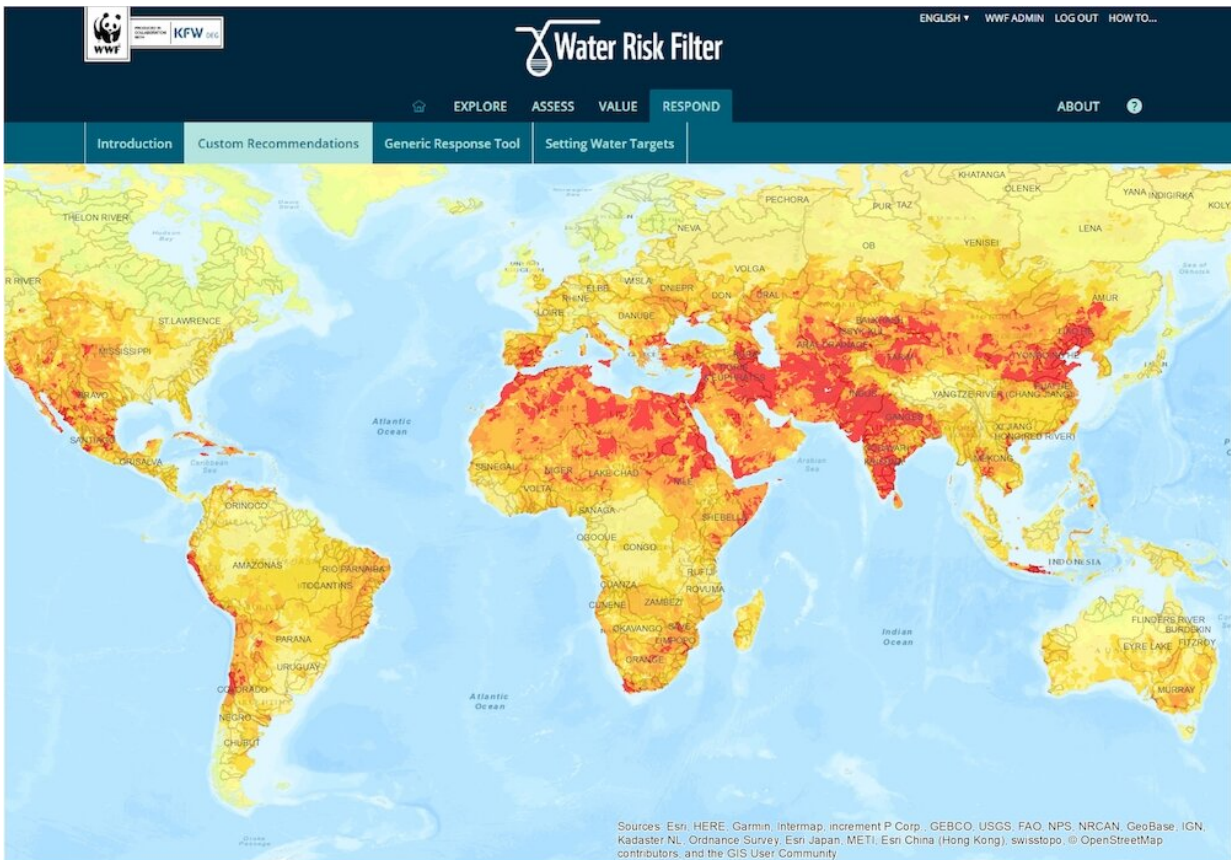


# New report compares water risk tools for companies and investors

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Water Risk Filter Map. Credit: WWF

Faced with worsening water security across the globe, companies and investors are increasingly concerned about the water risks faced by their

operations, supply chains and investments—and looking for tools to help to assess these risks.

Over the past decade, many water tools have emerged but this has created some confusion around both the concept of water risk assessment and the differences/similarities between these water tools. To clarify the situation, WWF and the World Business Council for Sustainable Development (WBCSD) have published a new report in consultation with WRI.

[Right tool for the right job: Tools & Approaches for Companies and Investors to Assess Water Risks & Shared Water Challenges](#) compares the three leading corporate water tools—WBCSD's India Water Tool, WRI's Aqueduct and WWF's Water Risk Filter—and provides guidance on the approaches companies and investors should adopt to assess water risks and shared water challenges.

Businesses face physical, reputational and regulatory risks driven by water, which will only increase with climate change. Understanding these risks and incorporating them into the business strategy is critical for companies to secure their license to operate as well as ensure business profitability. Understanding of business risks related to water is also critical for investors to make sound investment decisions.

The report explores the specifics of three water tools and provides guidance to companies on the use of the various tools in relation to their needs and priorities. In addition, the report offers recommendations on what constitutes a robust water risk assessment and understanding of water challenges.

"Context is at the heart of water and, accordingly, understanding both the status of water and water risks is critical," said Alexis Morgan, WWF Global Water Stewardship Lead. "This collaborative report aims to help

companies navigate the landscape of tools by offering clear messages about our complementary tools and how they can be used to strengthen water stewardship."

A key recommendation from this report is the importance to use a diversity of reliable, peer reviewed data to inform understanding of water challenges and risks as unidimensional water risk assessments lead to skewed responses that typically leave companies materially exposed to water risks.

As the three leading water tools draw from different, credible (peer reviewed) data, it helps users to access a diverse range of best available data sets, strengthening their understanding of the nuances of water challenges and risk exposure. Not unlike the use of multiple IPCC climate models, we believe that companies and financial institutions should explore multiple water models and data layers offered by different water tools to understand the multi-dimensional aspects of water challenges and water risks.

- As a result, it is our shared belief that having more than one [tool](#) ultimately helps companies and investors to better understand nuances and diverse perspectives when it comes to water. The report also details a number of other key recommendations for companies and investors:
- Understand whether you are assessing shared water challenges or water risks;
- Do not treat risk water assessment as a one-off prescriptive exercise: it should be part of a regularly updated decision-making process;
- Engage in a deeper understanding of water risks for the most material and exposed parts of your value chain;
- Consider both basin context and operational risk;
- Risk exposure is only half of the story—companies and [financial](#)

[institutions](#) must consider response as well to account for residual water risk; and

- Prioritizing responses can be done through several means that account for value.

Beyond the different underlying data sets, the three leading water tools differ considerably with respect to their functions. For example, while the WWF Water Risk Filter has sections that allow users to explore recommended mitigation response actions and conduct a valuation exercise, the WBCSD India Water Tool unpacks detailed groundwater data for India.

"Corporate water risk assessment is the first step to water stewardship and is indeed the most important one," said Tom Williams, Director for Water at WBCSD. "This report is an effort to bring together the work of leading organisations on water tools, so corporates and investors can make decisions based on the best available data and using tools that are best suited to their needs and priorities".

As a follow-up to water risk assessment, companies should set meaningful goals and targets to mitigate and manage the [risks](#), implement innovative solutions, raise awareness among their stakeholders and advocate for policy and financial enablers that raise the industry standards for [water](#) use.

Provided by WWF

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