



## UNEP Finance Initiative

Innovative financing for sustainability

### Water and Finance: Investment Insight 1.1

This is the second issue of our series of investment updates for the water services sector. We welcome your own suggestions for key issues to include in this regular update. Please contact [Jessica.boucher@unep.org](mailto:Jessica.boucher@unep.org).

#### Chief Liquidity Series

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This UNEP FI series gives financial institutions an overview of material water-risks in a given sector, and how to hedge against a insure water future through enhanced understanding of the issues, due diligence and engagement with clients. To increase outreach of this work, please support us in the communication of this document by:

- Placing a [link on your company website to the Chief Liquidity Series](#).
- Disseminate the issue on the agribusiness sector and power sector internally within your company, and externally throughout your network.

Download:

- [Agribusiness sector](#)
- [Power sector](#)

#### CDP Launches Water Disclosure 2010 Global Report

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The CDP Water Disclosure, a new program from the Carbon Disclosure Project, launched its first report on the impact of water constraints on the world's largest corporations, on 12<sup>th</sup> November in London at the Bloomberg offices. The report was prepared by ERM, and clearly shows the significance and immediacy of water issues as a corporate issue.

The annual questionnaire was sent to 302 of the world's largest companies asking for information on their water use and other water-related business issues. It received a 50% response rate with 122 of these responding publicly and a further 25 companies responding on a purely voluntary basis. The information was requested on behalf of 137 institutional investors representing US\$16 trillion in assets to increase transparency and accountability on water scarcity and other water related issues, and to inform the global market place on investment risks and commercial opportunities.

**More information on key findings of the report, click [here](#).**

Bloomberg to Launch Water Data and Analysis Service in 2011

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Bloomberg is planning to launch a service focusing on water in early 2011, Michael Liebreich, chief executive of Bloomberg New Energy Finance, announced at the *Carbon Disclosure Project's new Water Disclosure projects inaugural results* in London in November. Liebreich cited the very poor level of information on water usage as a driver for the service, labeling water as the next big challenge. He added that asset owners could play a role as water becomes 'the new carbon', in their unique ability to pressure companies. Other statements at the event on the need for water to become part of investors decision making came from Colin Melvin, CEO of Hermes Equity Ownership Services, who comments "This is not a big issue for investors right now but it is potentially huge," he added. Additionally, Jacqueline McGlade, Executive Director of the European Environment Agency, revealed that there are plans for a European Union-wide water efficiency target to be discussed at ministerial level next year.

**16 November, responsibleinvestor.com: More information [here](#).**

CEO Water Mandate Meeting: Cape Town

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[CEO Water Mandate](#) is an initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices – with a focus on access to clean water & sanitation. Endorsing companies need to report and improve on the following six areas: 1) Direct Operations; 2) Supply Chain and Watershed Management; 3) Collective Action; 4) Public Policy; 5) Community Engagement; and 6) Transparency.

It has currently 71 corporate endorsers, from a wide range of sectors, including 5 financial institutions (all members of UNEP FI). The meeting in Cape Town shared experiences from corporations on how they deal with water quality and quantity issues, and how they try to involve local communities and other stakeholders. The CEO Water Mandate can be relevant for UNEP FI members when it enhances its membership and is seen as a 'quality standard' on dealing with corporate water governance issues.

WBCSD releases 2010 Global Water Tool

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The WBCSD has launched their [2010 version of the Global Water Tool \(GWT\)](#), which includes new and updated data and maps as well as improved functionalities, with the aim of making it more meaningful and easier to use. According Björn Stigson, President of the WBCSD, the GWT 'is the first step for any company to make water-informed decisions. First launched in 2007, it is now being used by over 300 corporations worldwide. Non-business stakeholders, too, are increasingly recognizing its value".

For more information, click [here](#).

## New Report on Mining and Water

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The World Resources Institute launch a new water & mining paper, titled '[Mine the Gap](#)'. The report focuses on hard rock mining, concluding that current reporting practices mean that investors and financial institutions may not be fully aware of these risks, even though they may suffer the consequences. These water related risks, from both quality and quantity perspectives, are difficult for investors to track and while many any mining companies are ahead of the curve in reporting water data, the [WRI survey](#) found that water disclosure varies widely, especially in emerging markets.

15 September, World Resources Institute: For the full story, click [here](#).

## Finance and Water: Where's the Data?

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A report has been published by the Natural Environment Research Council (NERC) and Z/Yen Group Limited, which examines the environmental data requirements of the financial community needed to support investment decisions in the water and water-related sectors, and how such data could be provided by the Centre for Ecology and Hydrology (CEH) and the British Geological Survey (BGS), two of NERC's research facilities. The report was informed by a workshop, a series of interviews and a symposium with the financial services sector and the Centre for Ecology and Hydrology (CEH) to scope the current and future landscape of water-related investments and data as a means of managing and using water sustainably. It was launched at the London Accord Autumn Conference 2010 on 12 October. **"Finance and Water: Where's The Data?"** project.

12 October, London Accord: For the full report, click [here](#).