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*How to Achieve Net Positive Water*  
*Executive Roundtable Summary*  
*Virtual Conference – May 11-12, 2021*

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## Background

Securing reliable supplies of clean, fresh water needed for the health and wellbeing of people, agriculture, industry, and nature will be a greater challenge in more parts of the world as climate change accelerates. Companies across many sectors will face increasing demands from regulators, investors, customers, and shareholders to use water more efficiently and contribute to water availability in the regions where they do business. Leading companies are getting ahead of this challenge by pursuing strategies to become “water positive,” i.e. contributing more to water supplies than they consume in their operations and value chains. While the vision is compelling, it’s being pursued in a variety of ways without commonly agreed metrics or management tools. This Roundtable was held under the Chatham House Rule on May 11-12, 2021. It brought together 53 senior sustainability and water experts from seven countries, including 73% from global companies, and 27% from academia/ NGO/Think Tanks.

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## Participants

### Host

Emilio Tenuta, SVP & CSO, Ecolab



### Moderators

- Anne Alonzo, Corteva Agriscience
- Mary Draves, Dow
- Emilio Tenuta, Ecolab
- Greg Koch, ERM
- Glenn Prickett, World Environment Center
- Betsy Otto, World Resources Institute

### Speakers

- **Business for Water Stewardship:** Todd Reeve
- **Coca-Cola Company:** Michael Goltzman
- **Coca-Cola FEMSA:** Luis Darío Ochoa
- **CDP:** Christina Copeland
- **Ecolab:** Emilio Tenuta
- **Intel:** Fawn Bergen
- **Microsoft:** Paul Fleming
- **Pacific Inst. & CEO Water Mandate:** Jason Morrison
- **Pisces Foundation:** David Beckman
- **Roche:** Umesh Goswami
- **The Nature Conservancy:** Hugo Contreras
- **World Resources Institute:** Betsy Otto

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## Key Points

- (1) An introductory poll** revealed that an impressive 43% of company experts stated that their organizations already have a goal to be water positive in every or at least in selected watershed basins where they operate. 5% state that their company’s goal is to be water neutral, while 52% have different goals. A second poll brought about similar impressive results, which confirms that the group consisted of leaders in the field: 53% of companies participating in the event state that they have enough data to understand the impact they have on water basins where they operate, 18% have that data at least for their most critical locations and the remaining (29%) have data available for a few locations.
- (2) Water stress** is the relationship between water demand and total water supply. The water challenge is increasing in many regions and is projected to affect 56% of the world’s economies and societies in

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2030 (WRI, 2021). Some countries like India are projected to face a demand by 2030 that is twice the available supply. Virtual water trade in agriculture (commodities produced in one place and consumed in another), has doubled in 25 years (1986-2010, according to World Bank, 2017) and is expected to rise further along with the risk that dry regions export their scarce water.

In these places the concept of **Net Positive Water Impact (NPWI)\*** becomes especially important. In practice it means that an organization adds more water of good quality to a water basin than it takes out, thus reducing water stress for all stakeholders in that basin. The water must be physically added by restoring natural vegetation in watersheds, investing in new water storage or production infrastructure, or other activities that do not take water from other watersheds and that go beyond a company's efficiency measures to reduce its own consumption. The water challenge is local, in thousands of places.

Although the value of clean water for its stakeholders is often not adequately reflected in water cost and allocation, many examples prove that significant efficiency gains have been realized – i.e. the city of Sydney, constantly being hit by draughts, now uses less water than it did 30 years ago, even while adding a million people. Cities achieve such progress only with tight water management strategies which demand a lot from local companies, too. However, any company that is already managing water well is much better off in this situation, and even more so if they can claim they are net water positive.

- (3) **CDP's evaluations** with international companies show that the cost of action to mitigate water risks is five times less than the potential financial impact of water risks for the same companies. As inaction on water creates business and financial risk, the portfolios of financial institutions have been evaluated to understand whether those institutions are taking action to mitigate risk from water challenges (as they do for carbon). And yes, they do! The result is a strong warning signal to companies that take water availability in their value chains for granted, as 50% of the largest 350 financial institutions assess their portfolios' exposure to water risks (vs. 70% with respect to carbon risks).
- (4) To support net positive water management, **more advanced accounting and management systems are needed**. While most corporations have goals to reduce water use, almost half the managers who work at the facility level, according to 2021 research by Greenbiz,\*\* stated that they feel water would be better managed and targets more easily achieved if enhanced water measurement and management tools were utilized. Leading companies have developed solutions that help assess risks as well as the potential to reduce water consumption for the benefit of other stakeholders as they provide data for each location. A case presented during the roundtable integrated 31 indicators, weighted according to their significance, into a single, site-specific, measure of water risk.

A management tool available for all companies, which can also be rolled out to suppliers, is Ecolab's [Smart Water Navigator](#), which allows facilities to set local water reduction targets and drives internal accountability to help reach those targets. The Smart Water Navigator also helps build trust and credibility with stakeholders to drive collective action on water issues.

**Collective action is essential.** Business coalitions such as the [CEO Water Mandate](#) and [Water Resilience Coalition](#) are important platforms to share goals, best practices, and collaboration

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opportunities. Collective action is also needed at the basin level. A key point made by many experts in the Roundtable is that it is not enough to measure volumes of water used and returned to water basins by individual companies; measuring and managing the cumulative impact of all water users in a basin is essential to achieve the outcome of Net Positive Water impact. Companies must collaborate with one another and with governments and civil society organizations to improve watershed management, to deploy innovative water management solutions, and to scale successful approaches quickly—a challenge for which business is especially well suited.

It is not enough anymore to do small scale projects or wait for governments to act – companies should support governments to innovate management practices and strengthen governance processes. At the same time, well-intended but scattered small-scale projects in large watersheds (often collaborations between companies and NGOs) must be coordinated to achieve greater impact. In order to de-risk and de-stress these water basins it was suggested that it would be more effective and efficient to create structures that help companies work together open-sourced, learn from project successes and challenges, and scale solutions together (instead of each site manager assessing the site’s impact on water basins on their own, set targets, and then find the right partners to manage the problems they have identified, sometimes in parallel with hundreds of other site managers from different companies who are doing the same). Company CEO’s who know the scope of the challenge can help stress the importance of good governance and help build coalitions that include governments as well as other companies.

- (5) Collaborations** are generally most successful if existing projects are being scaled. That is the time when transaction costs are low and large investments increase the interest of decision makers within the company and beyond. At the same time collaborations in water management are comparatively complex due to the sheer amount of variables: water is local, it is used upstream and downstream by various stakeholders who affect availability and quality by their individual cycles of investments; local communities depend on water and they demand good quality, nature depends on it, too; its emotional factor is significant; and some stakeholders do not use it now but may use it in the future. Basin conditions have to be understood, many stakeholders have to be involved. All this increases transaction costs including the time needed for any collaborative water management initiative. Once solutions are found, action is being implemented and measurable progress has been made, the impact on biodiversity, communities, etc. must be measured – is it enough? How much more action is needed? It is complex.

The Roundtable featured successful collaborations such as the [Latin America Water Funds](#), which emerged as a local response to water scarcity of Latin American cities. In the case of Mexico City, which is consuming groundwater at twice the speed the water is recharged, the goal is to protect the forest recharge areas. Large companies operating in the catchment area of Mexico City have pooled funds to support the work being done by NGOs specialized in protecting ecosystems. The trigger was the realization that individual projects, even large ones, did not contribute enough. But when strong partners with their individual expertise and financial capacity combined their strengths, it was possible to create much better results. By now 24 water funds spread over Latin America and 15 new ones being created, inspire cities and regions in the US, Africa, and Asia to develop similar collaborations.

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Another successful example with large impact is the [Colorado River Indian Tribes \(CRIT\) – Drought Contingency Plan \(DCP\) Project](#) in Arizona, which compensates the Colorado River Indian Tribes for conserving up to 150,000 acre-feet of Colorado River water – directly shoring up declining water levels in Lake Mead. The co-funding of this government plan has been arranged with the help of [Business for Water Stewardship](#) and involves 12 large corporations – apart from leasing water rights for a given period it also supports the tribe’s longer-term efforts to modernize irrigation systems and conserve additional water. The [California Water Action Collaborative \(CWAC\)](#) was also mentioned as one of the most important and successful collaborations.

**Barriers to funding and implementing impactful projects** like these are numerous. The following have been mentioned as some of the most important: How to explain the business case and get internal support for such a project? How to make a project transformational and thus make it attractive for top management? How to find the right partners, achieve alignment of the targets and find projects that can be tied to a company’s corporate goals? The time that companies spend on finding impactful, catalytic projects is significant, as participants repeatedly said.

- (6) Public policy can help to scale impactful projects.** Public policy initiatives often struggle with acceptance and lengthy processes. Private companies can make a significant contribution by supporting government action that advances their corporate water goals efficiently, at scale--such as government-led water catchment action plans like the CRIT-DCP plan in Arizona, mentioned above. With the support of companies, better governance of water resources can be implemented more easily for the benefit of all stakeholders. Furthermore, generally accepted standards to measure the impact of voluntary action are critical – as demonstrated by voluntary carbon markets. Last but not least, it was suggested that we start talking more about *the value of water* in contrast to risks associated with water. Eventually more could be achieved if companies and other stakeholders can make the claim that their water conversation projects actively enable more food production, better sanitation, healthy forest growth, enhanced biodiversity, and other ecosystem services. Governments, investors, and other stakeholders may give credit to those companies.

\*Definition: Net positive water impact (NPWI) is a vision for how a water user interacts with a basin, its ecosystem, and its communities, with an overarching objective of improving basin health, water security, and resilience. Delivering NPWI contributes toward reducing water stress (in its three dimensions – availability, quality, and accessibility) within a geography and ensures the water user's contributions exceed its impacts on water stress in the same region.

\*\*2021 GreenBizState of Corporate Water Management Survey