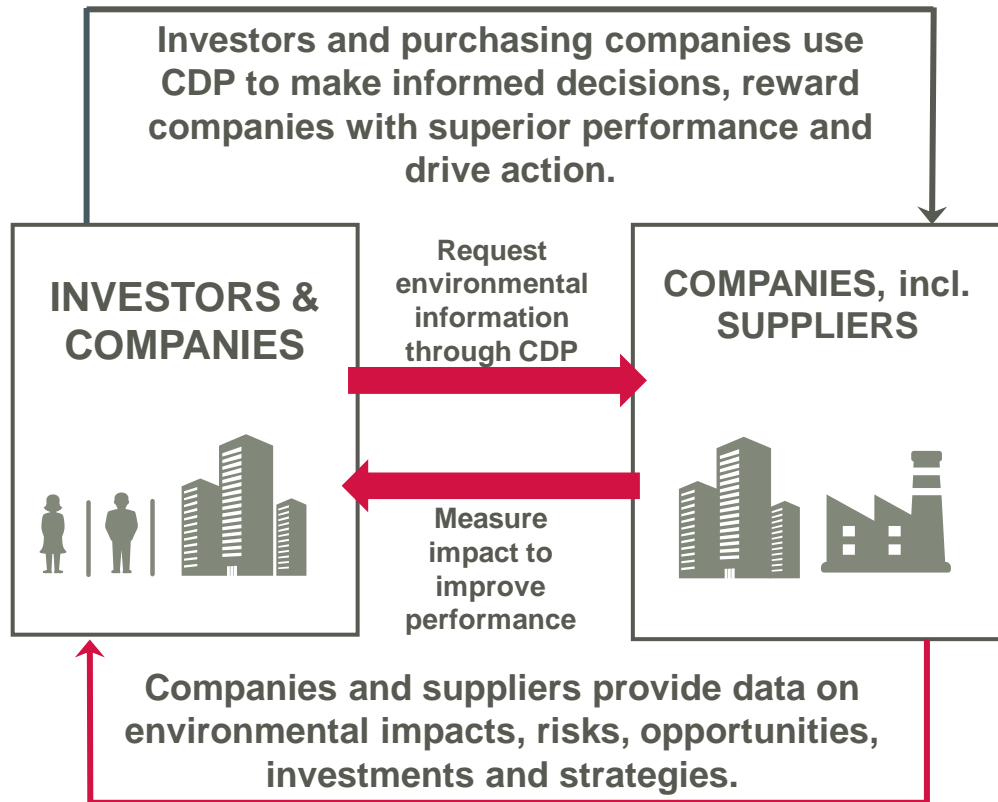


How do investors assess water risk?

Christina Copeland
Associate Director, Water Security
May 11, 2021

INTRODUCTION TO CDP



CDP SIGNATORIES

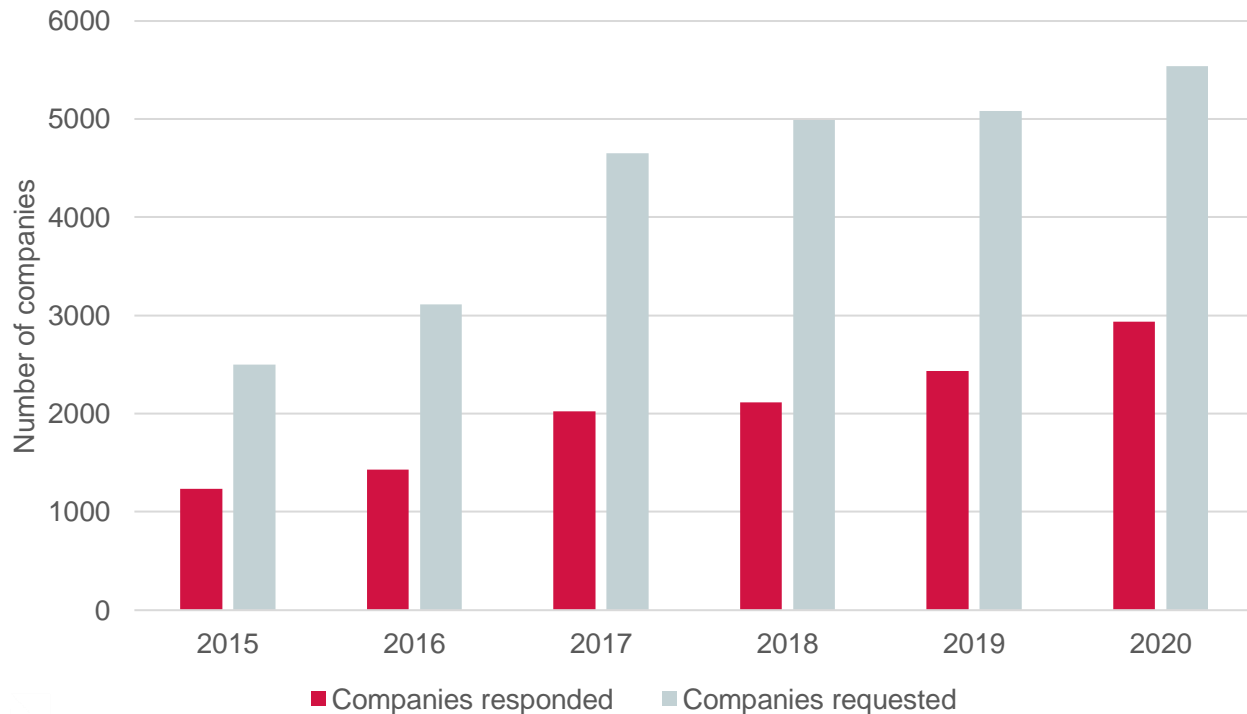
In 2021, **590+**
investors
with **over US\$110 trillion**
in assets are requesting
environmental
transparency from
thousands of companies
worldwide



“Disclosure of water metrics including water quality information is more important than ever to evaluate water management effectiveness. This enhances the fundamental analysis driving investment decisions. The CDP questionnaire standardizes company data and contextualization for ease of use by investors.”

DENNIS NEVELING
MANAGING DIRECTOR – ANALYST
LAZARD ASSET MANAGEMENT

STATE OF WATER DISCLOSURE 2015-2020



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 Millani

ACTING ON WATER MAKES BUSINESS SENSE

US\$ 301 bn

potential financial
impact of water risks

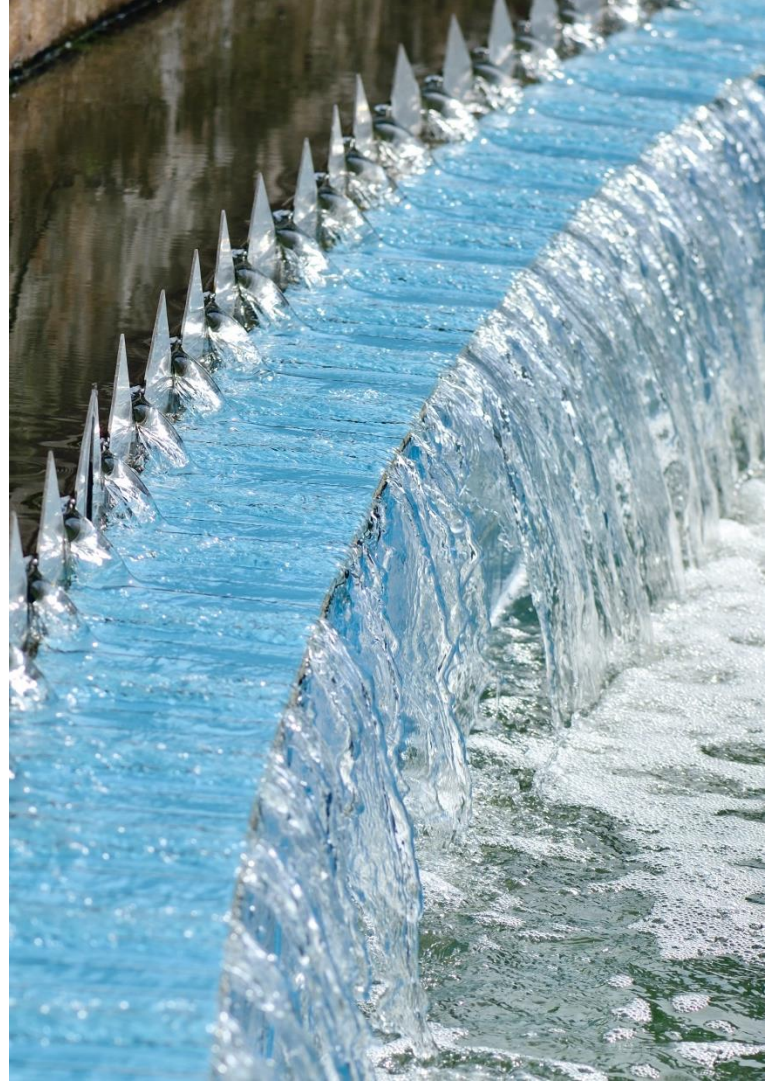
US\$ 55 bn

money required to
mitigate those risks



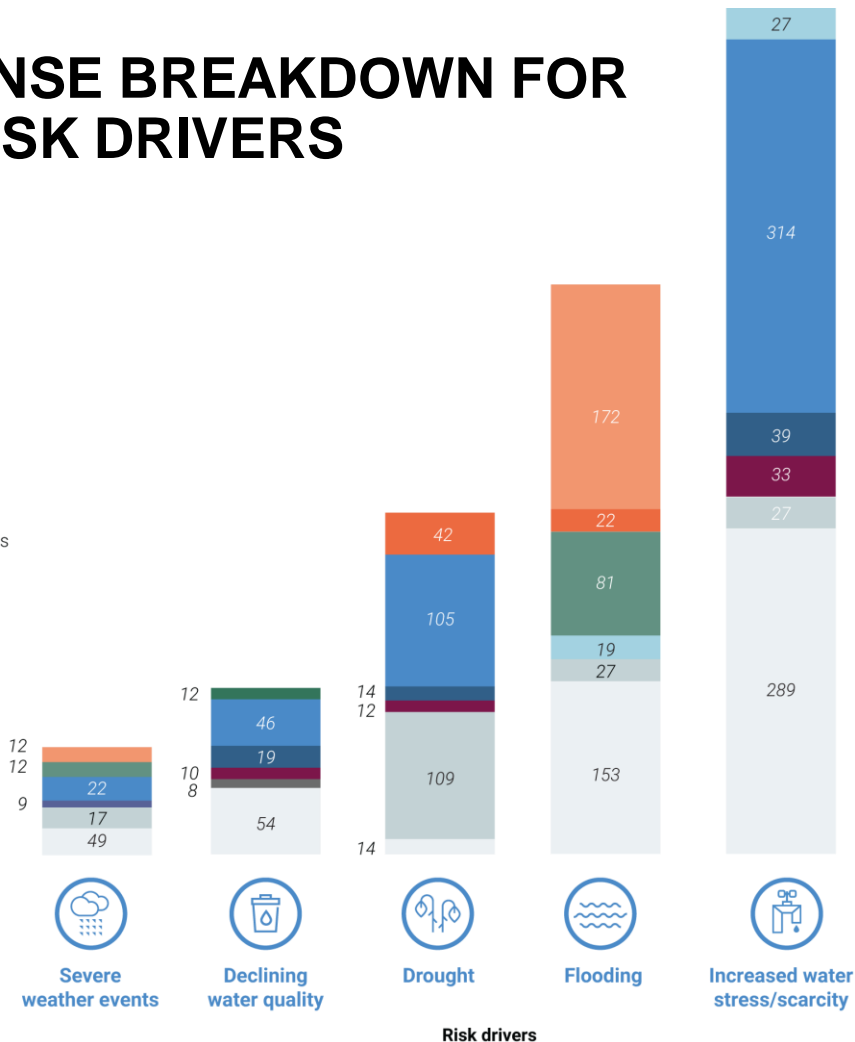
Based on responses from 357 companies that recorded both potential financial impact of water risks and the cost of mitigating those risks

Add your voice to the conversation: [#CDPWater](#) | [@CDP](#)



RISK RESPONSE BREAKDOWN FOR THE TOP 5 RISK DRIVERS

of risk responses



Top risk responses by expenditure:

- Capital expenditure \$19.7 bn
- Pollution control \$13.3 bn
- Infrastructure investment \$11.6 bn
- New technology \$9.2 bn

SECTOR RESPONSES TO RISKS



Materials

Securing alternative water supplies

Flood emergency plans

Pollution control - \$

Complying with regs - \$



Food & Agriculture

Adopting water saving/reuse measures - \$

Sustainable agricultural practices - \$

Improving supplier performance



Power Generation

Pollution control - \$

Responding to anticipated regulations - \$

Capital expenditure to diversify and increase resilience – \$\$

PORTFOLIO EXPOSURE ASSESSMENT

Do you assess your portfolio's exposure to environmental risks and opportunities?

- Climate
- Water
- Forests



Thank you