

CDP South Africa Water 2016: Water & Climate Change are Closely Related



Strong water resource management is vital to the transition to a lower carbon and resilient future.

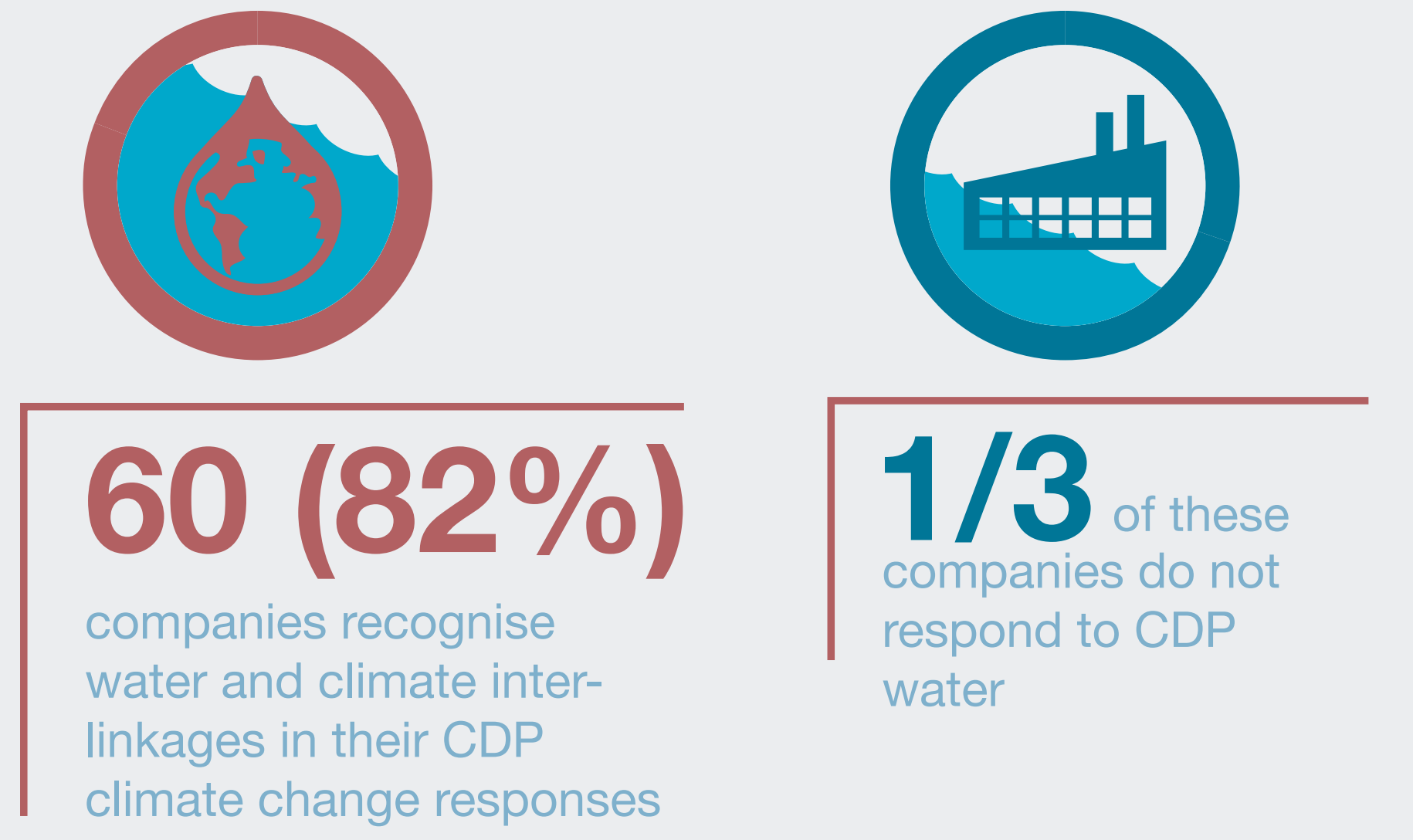
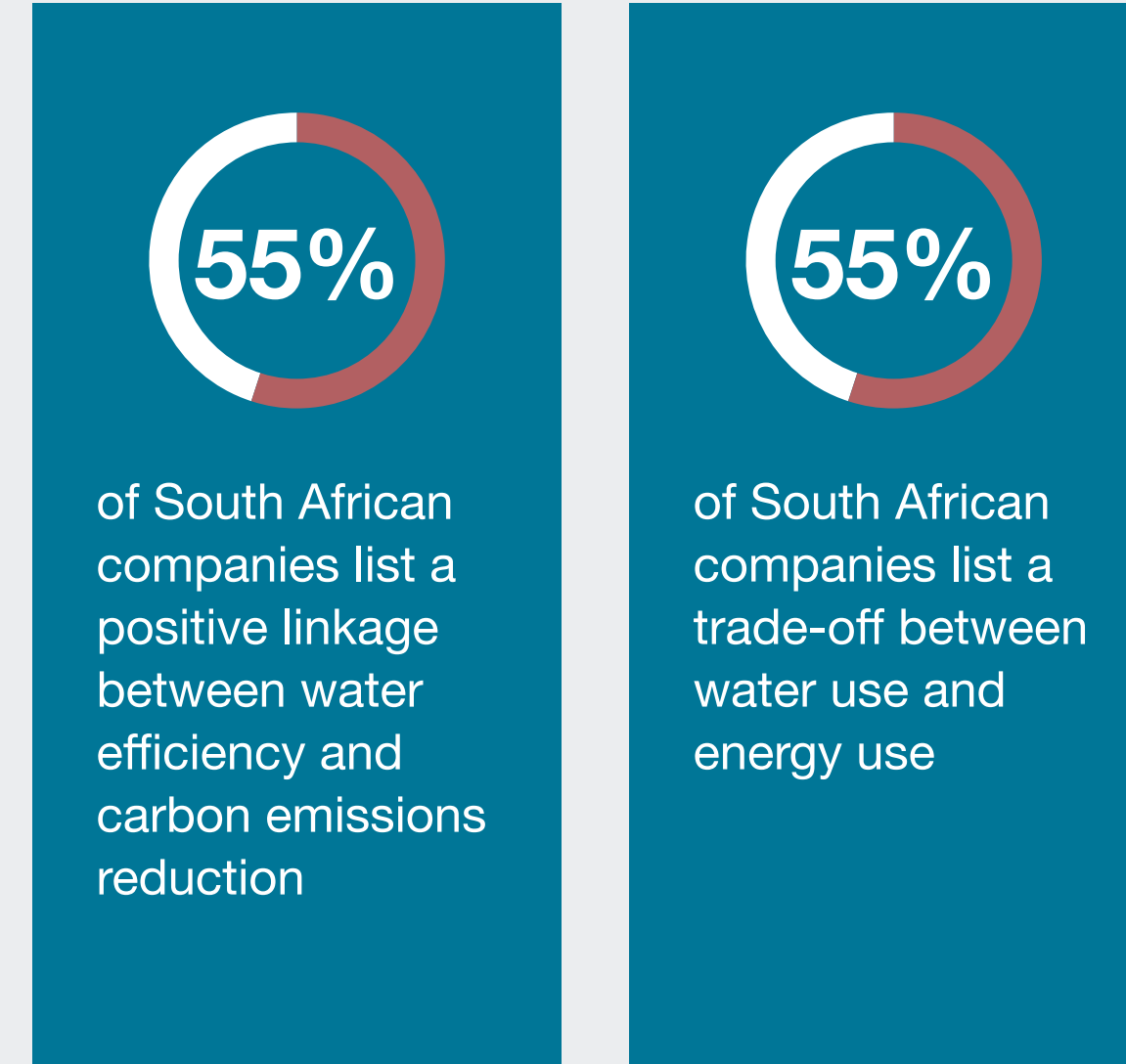
Water, energy and climate change are interdependent.

The 2016 CDP global water report and 2016 IEA Global Energy Outlook identify these links at a global level:

CDP South Africa responses reflect similar relationships, however many companies who identify this interdependency in their CDP climate change reports do not report to CDP water

- The Energy sector is responsible for **10%** of global water withdrawals*
- In 2014: **4%** of global electricity consumption was used to supply water to consumers, along with 50 million tonnes of mainly diesel used for irrigation and desalination plants*
- 53%** of global companies report that better water management is delivering greenhouse gas (GHG) reductions**
- 24%** of GHG emissions reduction activities reported by companies globally depend on a stable supply of water**

Low carbon technologies like biofuels, concentrated solar power and nuclear power increase water use, unlike wind and solar photovoltaic that require little water*



Water security is a cross-cutting enabler of many of the Sustainable Developments Goals

Recognising the close linkages between water and climate change, the Business Alliance for Water and Climate Change (BAFWAC) was launched at COP21 in Paris



WE MEAN BUSINESS

We Mean Business has launched a new 'improve water security' commitment for companies. The commitment includes three elements:

As of November 2016, 32 businesses have committed to take action including Tiger Brands, Tongaat Hulett and Woolworths from South Africa

1. Analyse water-related risks and implement collaborative response strategies

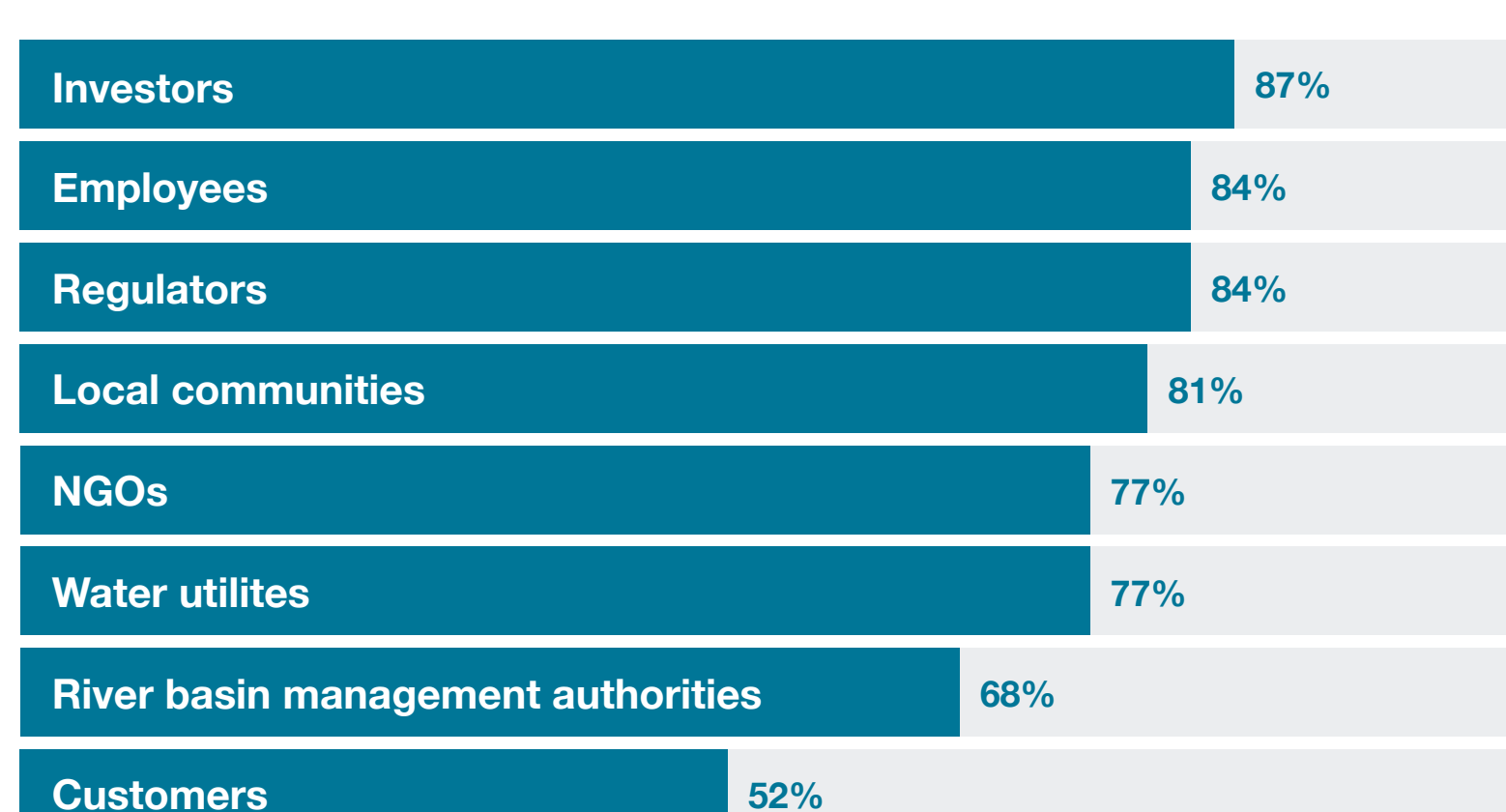
Company understanding of water risk has strengthened but tends to be operationally focused

- 90%** of companies have water management integrated into business strategy
- 87%** of companies implement a comprehensive company-wide risk assessment
- 81%** of companies factor in local communities into their risk assessments
- 61%** of companies report risk in their supply chain
- 26%** of companies consider risks with time-frames greater than 3 years
- 41%** of companies assess risk annually

Only a fraction of responding companies identify the same top risks as identified by an expert panel



Companies factor in a wide range of stakeholder views in risk assessments



2. Measure and report water use data

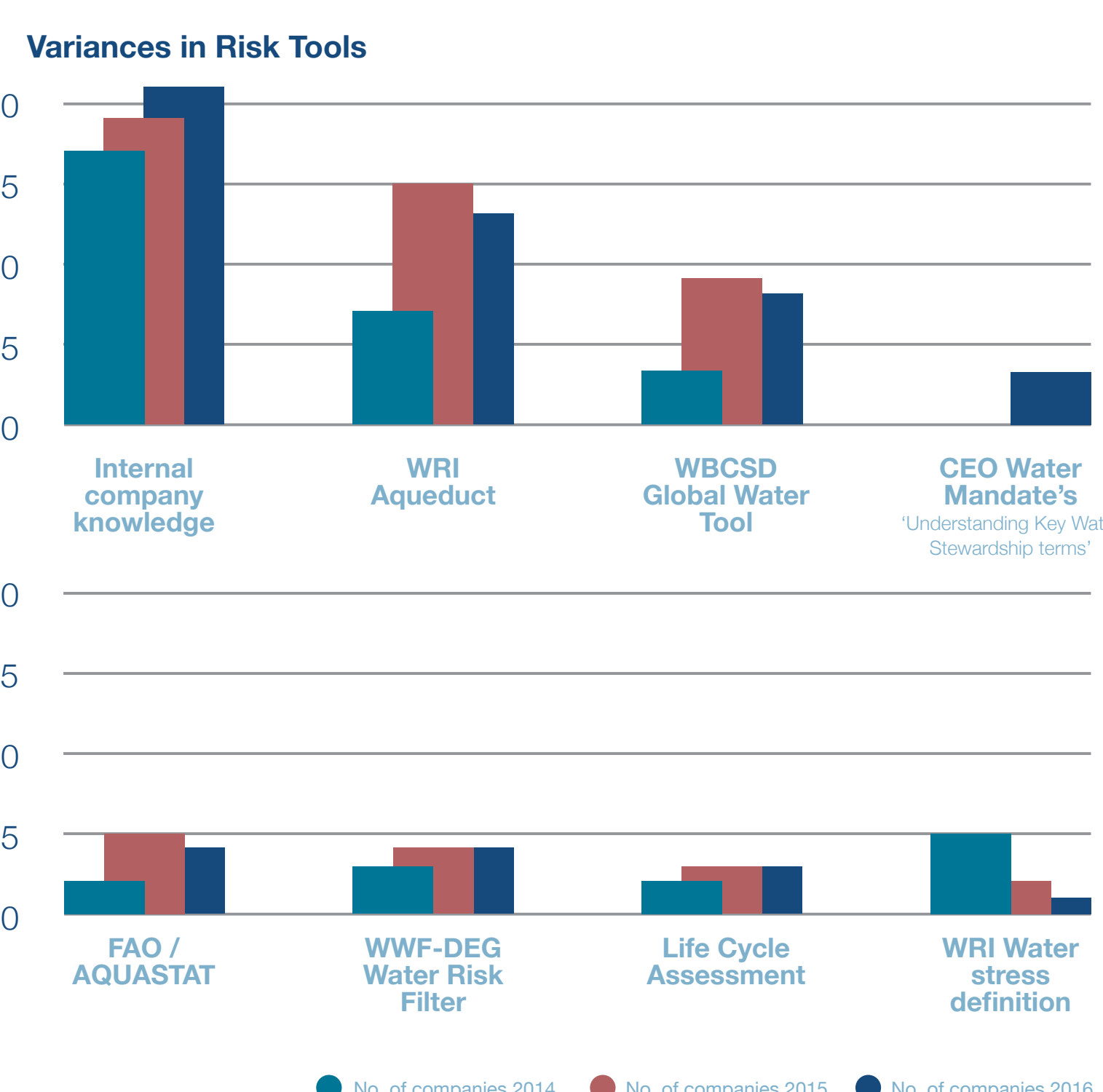
Companies focus on narrow water metrics

- 55%** of requested companies currently respond to CDP water
- 100%** of companies report on withdrawals
- 97%** of companies report on consumption
- 87%** of companies report on discharges
- 29%** of companies undertake river basin assessments

Variance in data per sector makes reporting comparability difficult

Within sectors, the variance of reported water use ranges from 24% to over 30 000% with 95% of total water withdrawn from one sector

There remains a significant variation in risk assessment approaches

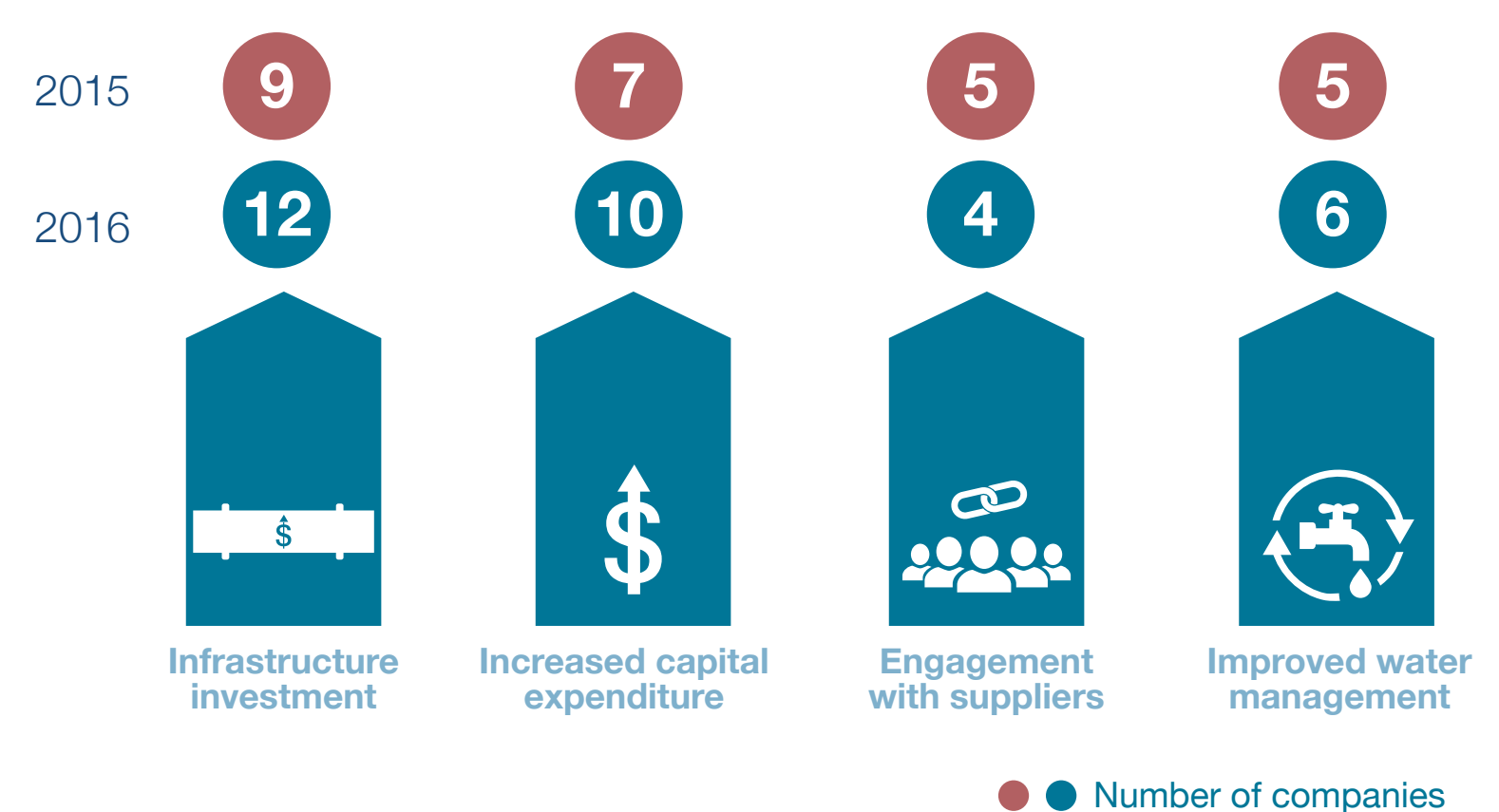


3. Reduce impacts on water availability and quality in direct operations & supply chain

Companies need to expand focus into their supply chain

- 90%** of companies have a water policy that sets out clear goals and guidelines for action
- 39%** of companies request their supply chain to report on water
- 35%** of company water policies include performance standards for supplier, procurement and contracting best practice
- 35%** of companies engage with policy makers
- 28%** of company water policies have performance standards for direct operations

Companies are responding to water impacts mainly through infrastructure investment:



Improving water performance in South Africa requires better company water governance, ensuring greater accuracy in water measurement, setting longer and more ambitious contextual targets and broadening risk assessments to include wider systemic risks.

* International Energy Agency (2016) World Energy Outlook 2016. Accessed at: <http://www.iea.org/newsroom/news/2016/november/world-energy-outlook-2016.html>
 ** CDP (2016) Thirsty business: Why water is vital to climate action - 2016 Annual Report of Corporate Water Disclosure. Accessed at: www.cdp.net