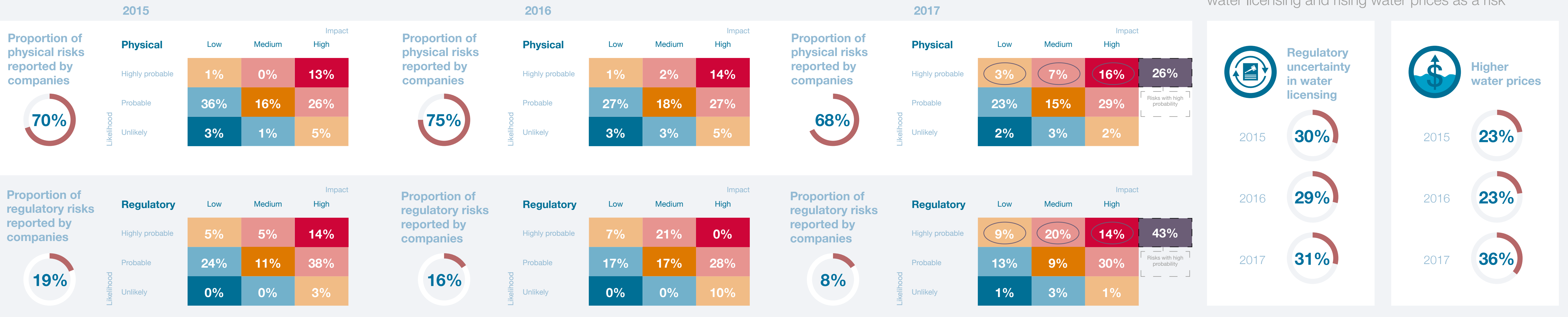


Risks and Opportunities

Companies need to manage their risk exposure in an integrated way that considers the role of the overall water system in supporting water resilience

More physical risks are identified, but regulatory risks are considered to have a higher likelihood than physical risks, although an equal magnitude

A third of companies now list regulatory uncertainty in water licensing and rising water prices as a risk



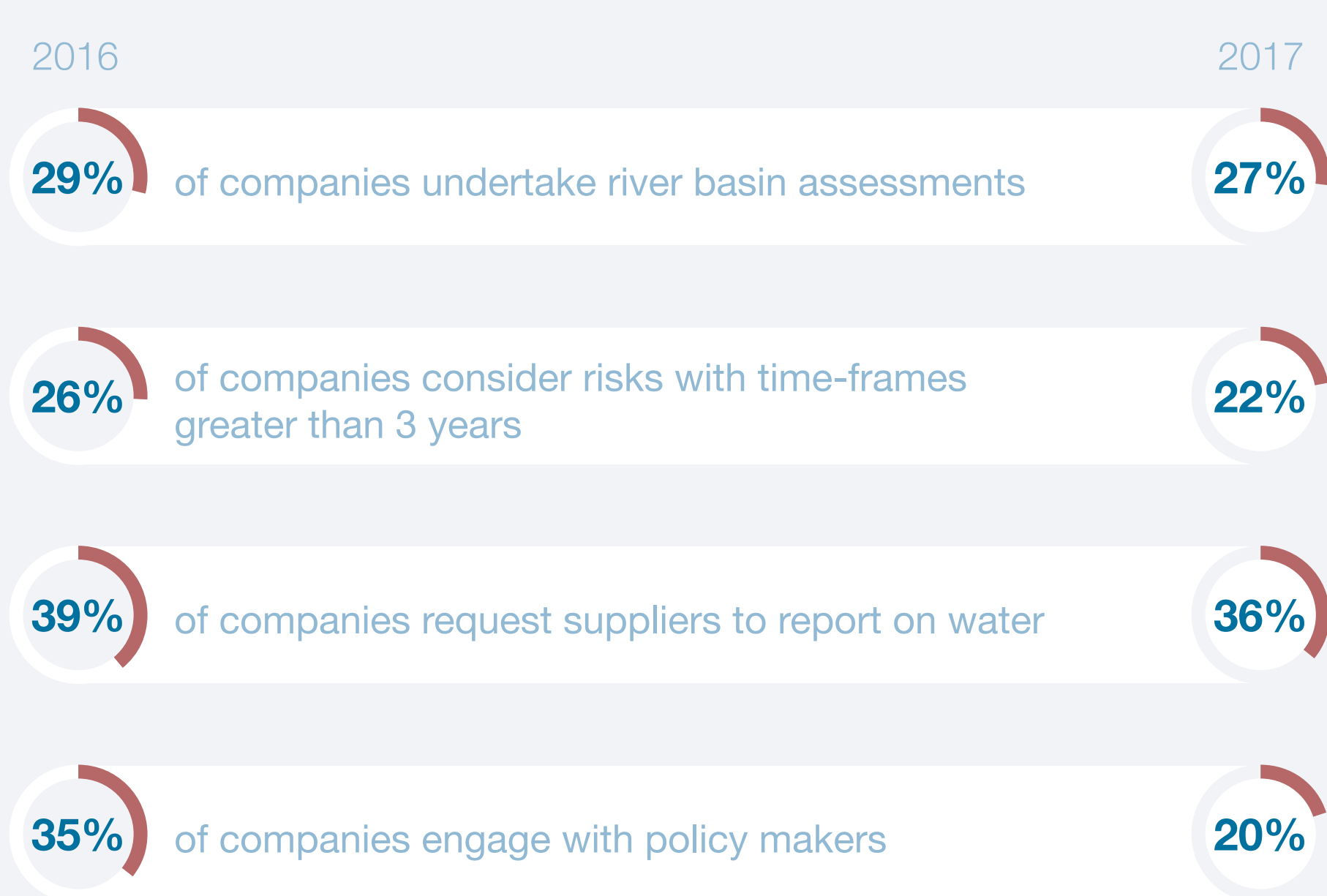
Companies need to pay attention to the impacts of supply chain risks and broaden their risk assessment process

Companies focus on direct risks although the likely impact of indirect risks is higher

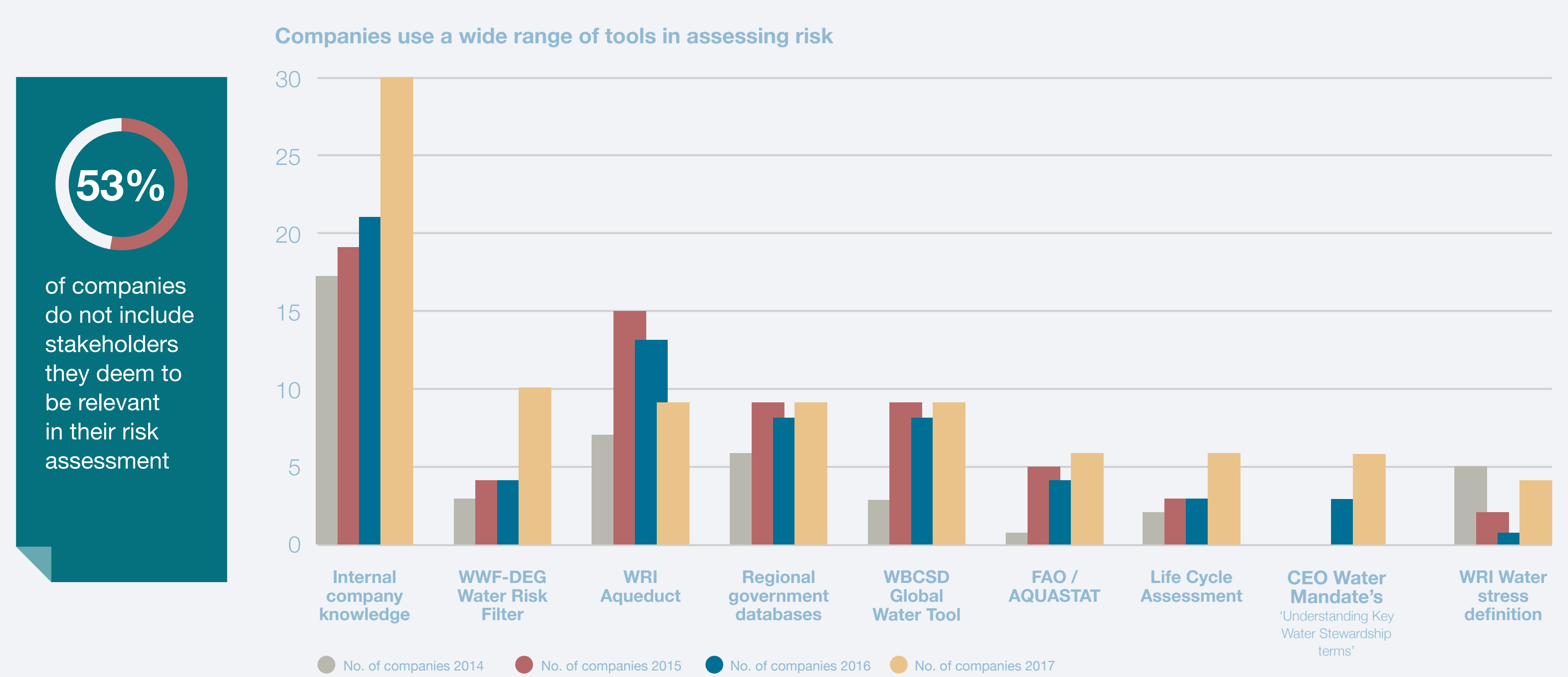


Key: Consumer Discretionary Consumer Staples Energy & Materials Financials Health Care Industrials

Improvements are still required in the scale and frequency of risk assessments and in engagement with policy makers



A variety of risk assessment tools are used by companies, with the use of internal company knowledge still the dominant approach

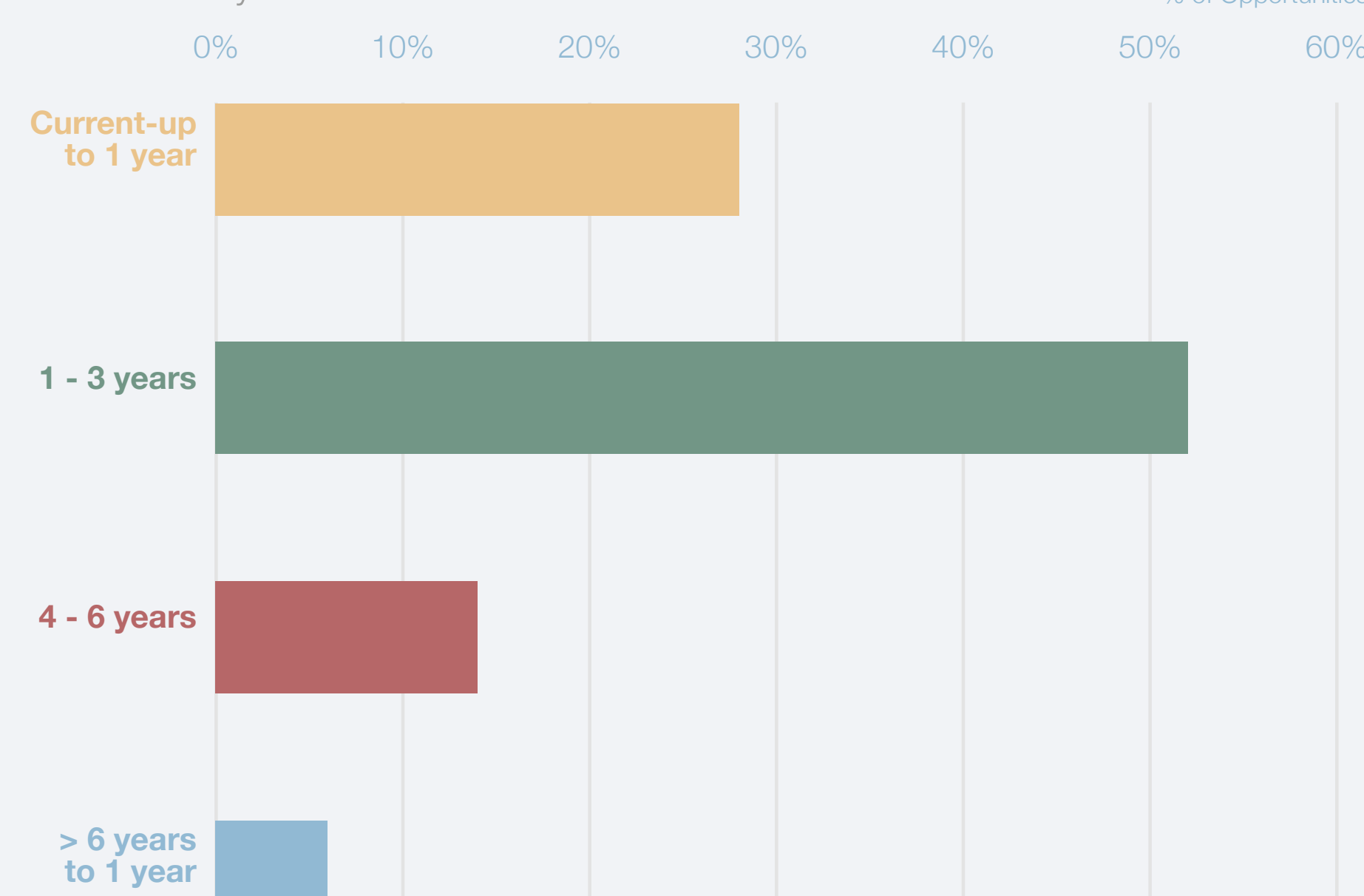


Companies see water as a substantive and immediate opportunity

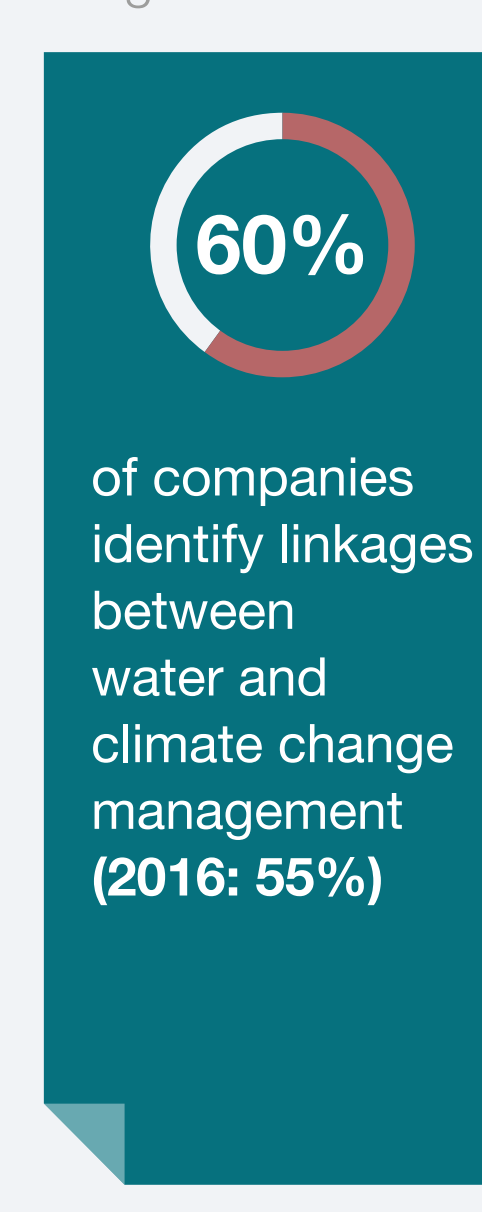
There is a focus on water efficiency and cost savings as initial opportunities:



A large proportion of opportunities are perceived to come into fruition within three years



Through unlocking water opportunities, companies can also achieve climate change mitigation benefits



58% of companies reported links between water management and climate change mitigation

53% of global companies reported in 2016 that better water management is delivering greenhouse gas (GHG) reductions**

Companies are advised to broaden their risk assessments and strengthen engagement with external stakeholders. This approach will help address systemic risks and realise the value of water stewardship.

** CDP (2016) Thirsty business: Why water is vital to climate action - 2016 Annual Report of Corporate Water Disclosure. Accessed at: www.cdp.net