

Water Disclosure

Frequently Asked Questions



1. What is meant by 'disclosure'?

Disclosure refers to the timely release of all information about a company that may influence an investor's or another stakeholder's decision to engage with it.

Similar to legal disclosure, the idea is that all interested parties should have equal access to the same set of facts in the interest of fairness.

A company's disclosure should be ultimately transparent, revealing both positive and negative data that may impact its future performance, financial or otherwise.

2. Our company has not disclosed before – what is involved?

Disclosure is regarded by investors and other stakeholders as the critical first step towards positive action on the environment.

There is, therefore, a growing demand for companies to report on their performance annually, using a recognised scheme like the Carbon Disclosure Project (CDP) with whom Waterscan has partnered.

Stakeholder pressure aside, here are six commercial and operational benefits for companies who disclose:

1. Protect and enhance your company's reputation by building trust through transparency and publicly reporting on your performance.
2. Demonstrate that you are aligned with rising public concern and that you are serious about positive action on the environment.
3. Uncover emerging risks and opportunities in your business that might otherwise go unnoticed, facilitating the ability to act on these more quickly.
4. Boost your company's competitive advantage by reducing reputational and operational risks, in turn increasing tendering success and attracting investment capital.
5. Be one step ahead of regulation by preparing your business and educating your staff on best practice before the introduction of mandatory environmental reporting.
6. Create robust data-driven continual improvement strategies through tracking and benchmarking your company's progress over time and against industry peers.

3. We already disclose our carbon footprint – why should we add water?

Water scarcity is already a critical environmental issue and it is projected to get worse.

Less than 1.2% of all water on earth is available for human use. The UN predicts that, by 2030, demand (rising due to population growth and business development) is expected to outstrip supply (declining due to climate change and aging infrastructure) by 40%.

Already, a stable supply of good quality water can no longer be relied on by companies to grow their business in many regions.

Therefore, the World Economic Forum's 2019 Global Risk Report identified water as the fourth greatest risk to society over the next decade and the World Bank expects a growth rate decline of 6% GDP by 2050 as competition for water intensifies.

In the UK, businesses consume 30% of available water. As a result, companies are seen as the key to unlocking a sustainable water supply. And, although emissions and waste tend to be prioritised when setting corporate social responsibility agendas, water

is the increasingly important business risk that investors and regulators want to see addressed.



4. Is water disclosure the same as carbon disclosure?

While the process is the same, water reporting is very different to carbon reporting.

This is because there are more variables to consider: location, time of year and population dynamics all need to be considered when analysing water impacts and risks.

A tonne of carbon has the same impact no matter where on the planet it is emitted. The impact of abstracting one m³ of water, on the other hand, can have very different consequences. Consider, for example, water consumption in a location where reservoirs are full and at a time when demand is low

versus the same consumption in a water scarce area in the middle of a drought.

Water reporting is specialised, and it requires a unique data set, which is why relatively few companies disclose their operational water footprint.

5. Are there risks if we are not currently active on water stewardship?

As all those working in sustainability know, if you can't measure it, you can't manage it.

It's not uncommon for an initial disclosure to not score well, but there are options for companies that are disclosing for the first time. The first option is to complete a shorter 'minimum' version of the questionnaire, which usually isn't scored. The second option is to complete the full questionnaire, generating a score and feedback, but keep the result private. This gives companies comprehensive insight into water risks and how to mitigate

them, but without any exposure. Waterscan will advise which is the best option on a case-by-case basis.

Disclosure helps to identify strengths and weaknesses, beginning the journey towards the year-on-year improvements that stakeholders and investors want to see. It offers immediate benefits in terms of reputational enhancement and the opportunity to leverage market position and influence from the outset. Longer term, there are many tangible ways to enhance scores, all the time reducing commercial risk and building operational resilience.

The greater risk is *not* to disclose. In November 2020, UK Government published a roadmap towards mandatory climate-related disclosures across the economy by 2025. Aligned with the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD), this ambitious target aims to ensure that the right information on climate-related risks and opportunities is available across the investment chain from companies to financial services firms to end-investors. CDP disclosure feeds heavily into TCFD and it is therefore a great tool to help companies prepare for upcoming obligations in this area.

6. Can we disclose at any time of year and how long does it take?

While you can engage with Waterscan at any time, there are set timescales laid down by CDP when it comes to reporting.



January each year marks the preview release of reporting questionnaires, guidance and scoring methodology. CDP's online reporting platform is then open for company data submissions from April until July. In December, accumulated scores are published, and companies are provided with feedback on their disclosure. Companies then have until the following April to act on recommendations ahead of their next annual disclosure.

The comprehensive disclosure required by CDP will take between one and four months, depending on the quality of data available at the outset. It is therefore recommended that early June is the latest that a company with good data should embark on a full water disclosure project. If available data is sketchy, begin in April.

See more about the process.

7. What data and resources are required?

CDP wants to build the most comprehensive picture of water consumption, use and treatment possible.

Its questionnaire therefore covers a company's whole operational water footprint, considering water supply

sources, geographical scarcity, consumption levels, discharge levels, treatment methods, overall reliance on water and any current or planned activities to mitigate water risk.

Beyond initial briefing and data provision, internal resources are not required when working with

Waterscan on a water disclosure. Waterscan will work with any level of data that a company has available - it can be as little as a site list or as extensive as a detailed water management strategy.

8. Who can access my CDP disclosure?

All companies can choose the level of disclosure that's right for them.

When submitting responses via CDP's online platform, it is possible to choose whether to make this information public or non-public; this choice determines how CDP will handle your data. While all

company disclosures are made available to stakeholders who request them from CDP, it will only be published on the CDP website if the 'public' option was chosen.

9. Why should we work with Waterscan?

Waterscan is the first and only UK-based CDP accredited partner that specialises in water.

Representing clients across all industrial sectors and working closely with water market operators and regulatory bodies, Waterscan

helps secure a sustainable water future for all with end-to-end solutions.

Water management has been Waterscan's sole focus for over 25 years and therefore has a unique understanding of water use. With specialist teams that are all in-house, Waterscan has all the knowledge

required to mine, interpret, analyse and improve on the operational water footprint of any organisation in the UK. Several Waterscan clients, including Coca-Cola European Partners, Morrisons, Sainsbury's and Whitbread, already disclose on water.

[Read more about Waterscan's Water Disclosure Service](#)

10. Why should we work with CDP?

Carbon Disclosure Project (CDP) is a not-for-profit charity that runs the global environmental disclosure system.

Its vision is to promote transparency and accountability to help decouple growth from resource depletion. CDP's work over the last two decades has resulted in unparalleled engagement on environmental issues worldwide.

Each year CDP supports thousands of companies, cities, states and regions to measure and manage risks and opportunities

on climate change, water security and deforestation at the request of investors, purchasers and city stakeholders. In 2020, 515 investors with US\$106 trillion in assets and 147+ large purchasers with over US\$4 trillion in procurement spend requested thousands of companies to disclose their environmental data through CDP.

Participation in CDP will also prepare companies for increasing legislation around environmental disclosure. CDP is aligned with the recommendations of the Taskforce on Climate Related

Financial Disclosures (TCFD) and it is similarly structured so that part of the CDP questionnaire can feed directly into TCFD disclosures (which are set to become mandatory by 2025 in the UK).

[Read more about CDP](#)

[Read more about TCFD](#)





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