

Water risks in agricultural supply chains

WWF and PRI



OUR MISSION:

CREATE A SUSTAINABLE
GLOBAL FINANCIAL
SYSTEM

AT A GLANCE

Launched in April 2006 at the NYSE, the Principles for Responsible Investment has:

2

UN PARTNERS:

UNEP FINANCE INITIATIVE
UN GLOBAL COMPACT



1260

SIGNATORIES:

ASSET OWNERS,
INVESTMENT
MANAGERS
AND SERVICE
PROVIDERS



45

US\$ TRILLION:

ASSETS UNDER
MANAGEMENT



6

PRINCIPLES:

RECOGNISING THE
MATERIALITY OF
ENVIRONMENTAL,
SOCIAL AND
CORPORATE
GOVERNANCE ISSUES



COLLABORATION



KEY FINDINGS

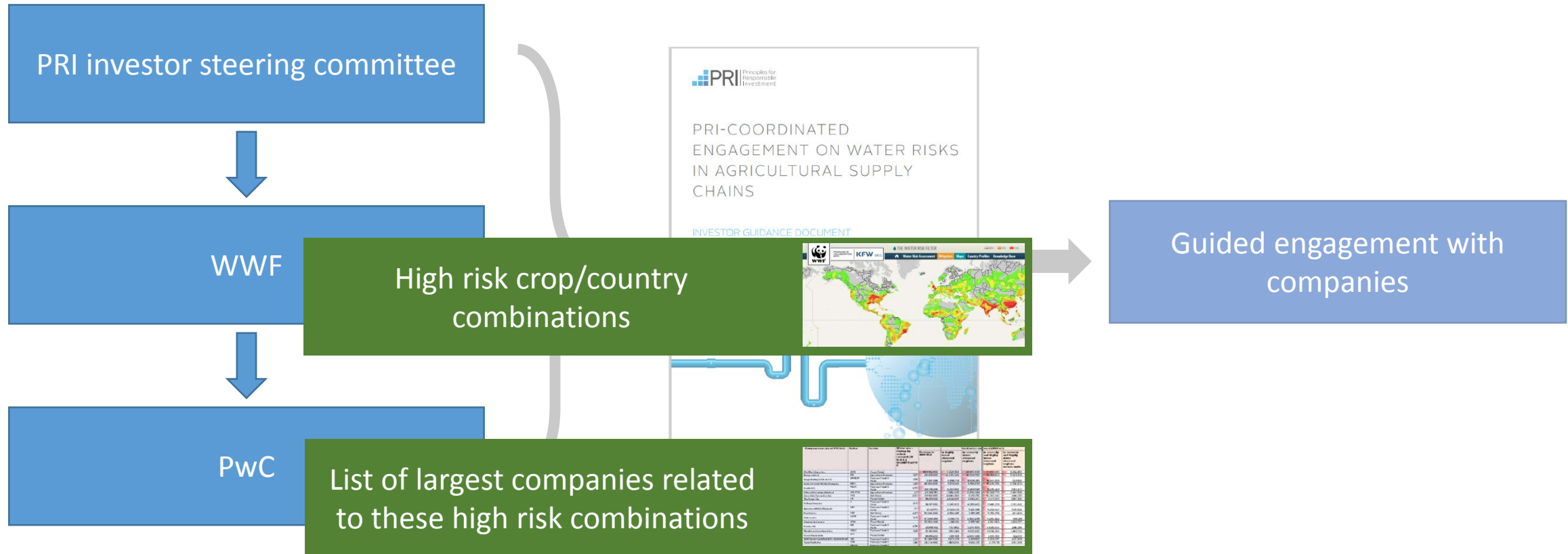
- Data and disclosure on supply chain risks is inadequate to allow investors to understand where they face potential risks
- Supply chains are complex and require additional focus by companies and investors alike

PROJECT EXPOSURE



Fiona Reynolds
Managing Director
Principles for Responsible Investing

Key analyses





PRODUCED IN
COLLABORATION
WITH

KFW DEG



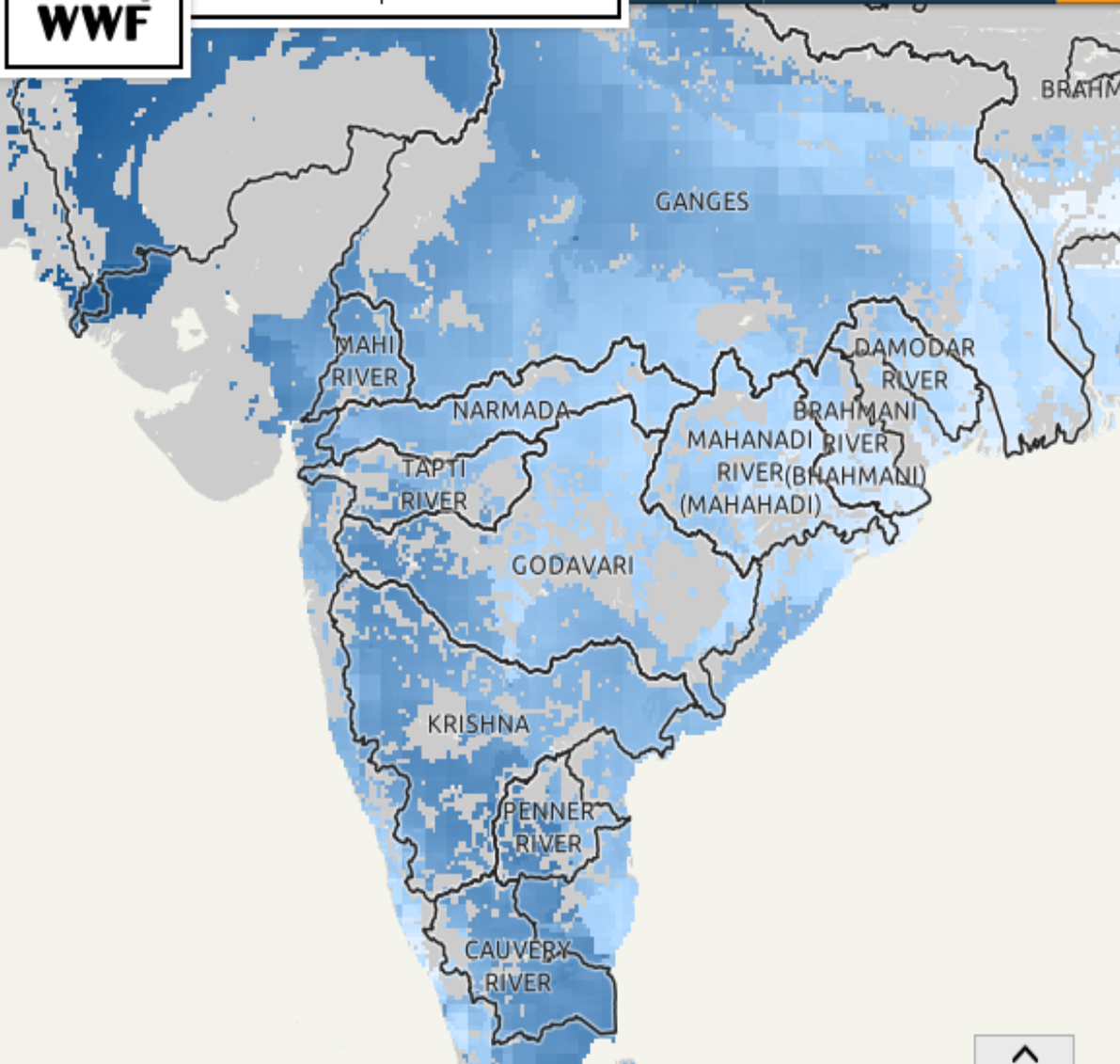
Water Risk Assessment

Mitigation

Maps

Country Profiles

Knowledge Base

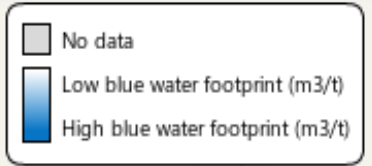


The Water Risk Filter 2.0

waterriskfilter.org

Understand your risk, and take action

- Free and easy-to-use online tool
- Water risks for 34 industries and 120+ crops
- >100 indicators, best available (and peer-reviewed) datasets
- >750 map overlays
- Unique country profiles
- Largest online library of mitigation responses and case studies
- Linked with AWS, Water Action Hub, and CDP



Map data ©2014 AutoNavi, Basarsoft, Google, Mapa GISrael, ORION-ME, ZENRIN | Terms of Use

No facilities ▾

Map layer: Blue water footprint per commodity ▾ Rice ▾



Water Footprint NETWORK

Download ▾

Feedback

The Water Risk Filter aims to cover all water risk aspects that can impact bottom line

Physical risk

Scarcity (quantity)

Basin related risk

- (Monthly) scarcity
- Groundwater
- Climate change impacts
- Floods
- Droughts

Crop related risk

- Blue/green water footprint
- Blue/green water dependency
- Sensitivity to water shortages
- Water access issues
- Use of soil moisture and other techniques

Pollution (quality)

- 9 pollution indicators

- Use and type of agri-chemicals
- Treatment requirements
- Quality measurements

Impact on Ecosystem

- Threat to freshwater biodiversity
- Vulnerability of water ecosystems
- Access to safe drinking water
- Access to improved sanitation

- Use of techniques to maintain soil quality
- Use of riparian buffers or other measures

Regulatory risk

- Local / national water strategy
- Sophistication of water regulation
- Enforcement of regulation

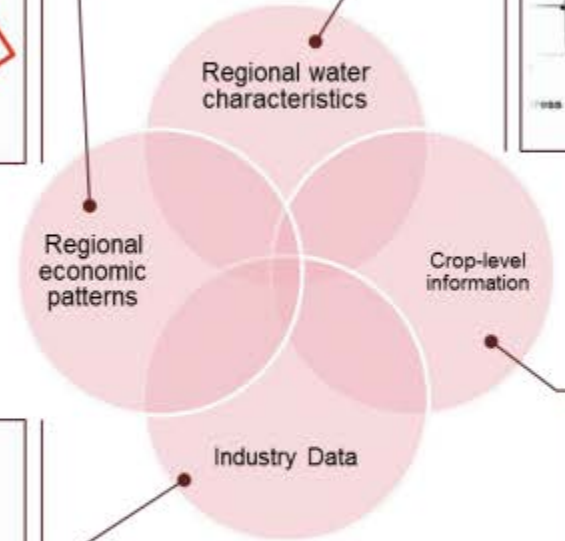
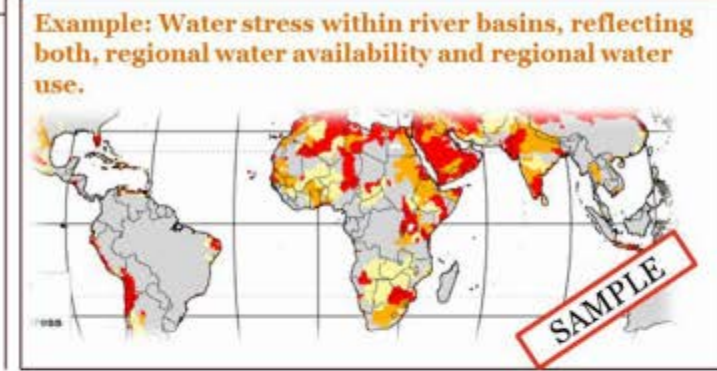
- Legal compliance
- Incidents / penalties

Reputational risk

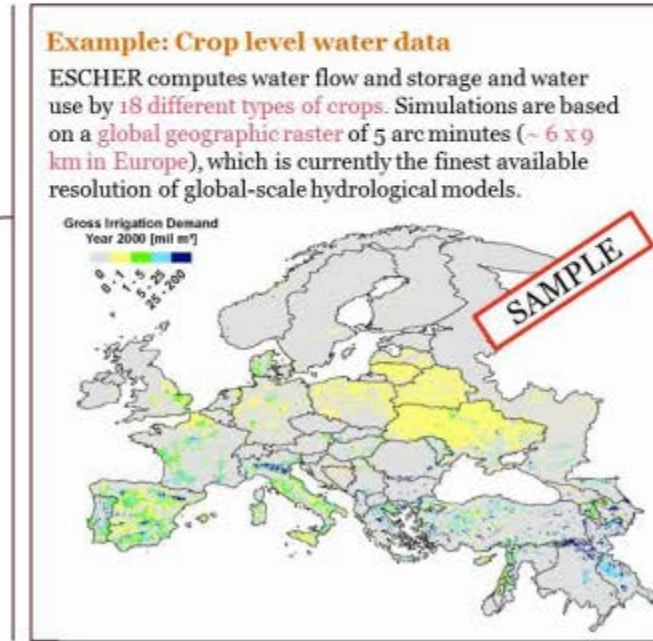
- Local and global media coverage
- Cultural/religious value of water

- Local and global media coverage
- Stakeholder engagement
- Internal governance and monitoring

PwC ESCHER combines industry data, crop-level information, water data and supply chain modeling



- Example: Industry data**
- ESCHER computes **water consumption** of the following sectors:
- Bovine meat products,
 - Meat products nec,
 - Vegetable oils and fats,
 - Dairy products,
 - Beverages and tobacco products,
 - Textiles,
 - Wearing apparel,
 - Leather products
 - etc.
- SAMPLE**



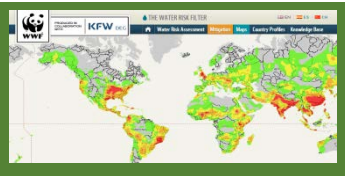
Data challenges

PRI investor steering committee



WWF

High risk crop/country combinations (incl economic value)



Ongoing data improvements
Partly based on data models



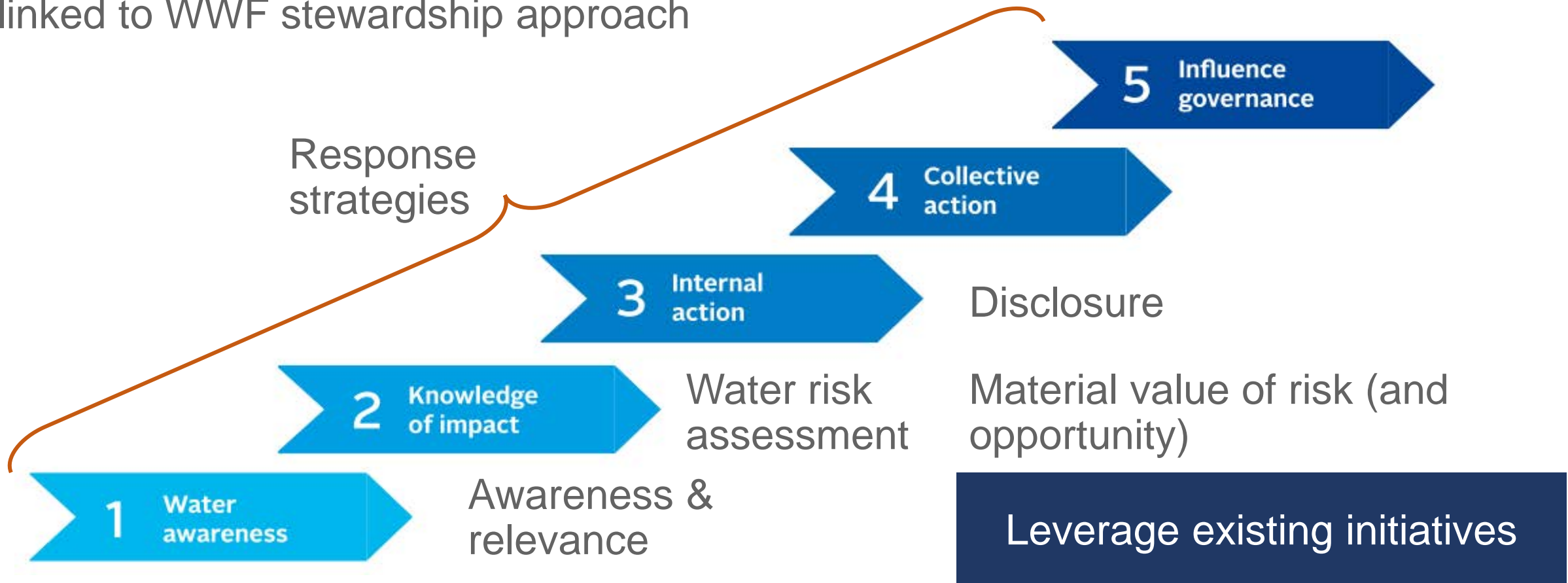
PwC

List of largest companies related to these high risk combinations

Supplier structures often not available > use of industry generic data and proxies

Guided engagement with listed companies

Engagement questions to investee companies linked to WWF stewardship approach



Next steps

- WWF and PRI continue to provide guidance to investors
- Incorporating results in the Water Risk Filter

Thank you

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PRI-COORDINATED ENGAGEMENT ON WATER RISKS IN AGRICULTURAL SUPPLY CHAINS

INVESTOR GUIDANCE DOCUMENT

IN COLLABORATION WITH:
World Wildlife Fund (WWF), PwC Germany and
the PRI investor steering committee on water risks

