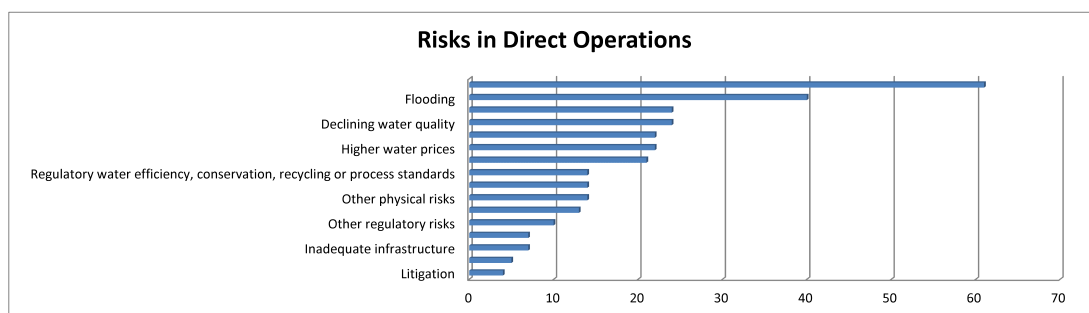


Safeguarding Europe's water resources

The CDP report is based on the analysis of 70 European companies that responded to CDP's 2013 water information request. 48 of the companies were targeted by CDP's "Global 500" sample¹, the remaining companies responded voluntarily. A full list of responding companies can be provided.

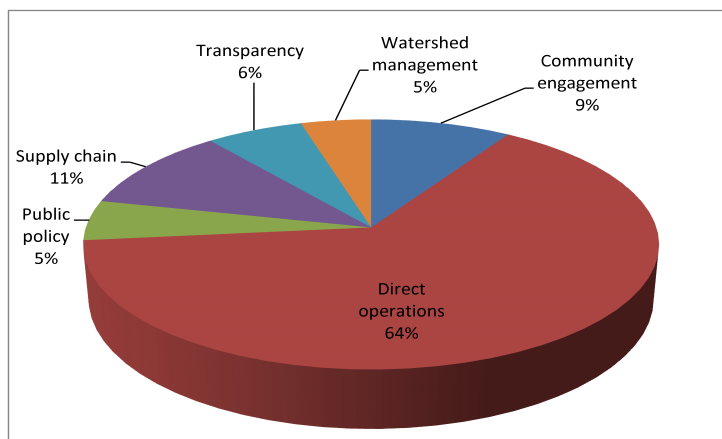
Key findings:

1. 83% of European respondents report having operations located in water-stressed regions and almost three-quarters (73%) report being exposed to water risk in either their direct operations or their supply chain.
Importantly, the majority of risks reported are anticipated to impact now or in the next few years (193 short term risks to direct operations), suggesting that an urgent response is required.



2. Compared to their global peers, Europe is leading the way in transparency: In 2013, 73% of European companies (48 companies) responded to CDP's water information request compared to 60% of Global 500 companies. However, there are marked differences between sectors. For example, the Materials, Consumer Staples and Utilities sectors all saw response rates of close to 90% whilst the Energy sector saw only a 50% response rate, and neither of the two European companies targeted in the Information Technology sector responded.
3. In line with Global 500 respondents (93%), almost all European respondents (96%) report having a water management policy, plan or strategy in place. Further, 81% report board-level oversight of these policies, strategies and plans, significantly more than the Global 500 (58%).
4. All European respondents have information on their direct water usage; 100% of respondents reported water withdrawal accounting data and 81% are able to identify discharges by destination, treatment type and quality.
5. Further, whilst 81% of European respondents report setting actions, goals or targets to manage their water use, the majority focus on actions within organization's direct operations - such as improved water efficiency through reduced water use or increased water recycling/reuse.
However, this short-term adaptation to minimise current risk will not lead to better corporate water stewardship or any of the associated business benefits.

¹ Global 500 companies are the largest companies by market capitalisation as listed by the FTSE Global Equity Index.



6. In 2013, 530 institutional investors representing approximately US\$57 trillion in assets called for greater transparency on corporate water issues through CDP's water program – this figure has quadrupled compared to 2010 (137), growing to 573 investors with US\$60 trillion in assets in 2014.

Conclusions:

CDP has found that the disclosure process provides valuable evidence and insight for key stakeholders, thus catalysing behavioural change that leads to a reduction in impacts on water resources. The analysis suggests that European companies are capable of, and see value in, disclosing their water related data. CDP is seeking to increase the disclosure of water data from Europe.

CDP analysis demonstrates that European respondents are anticipating that water is already and will continue to have a profound effect on both short term and long term profitability. Corporate water stewardship is increasingly recognised as the framework needed for companies wishing to safeguard their business. Government has a critical role to play in facilitating the stewardship framework for business and we look forward to working with policy makers across Europe to safeguard water resources and contribute to sustainable economic growth.

At time of writing it looks likely that a requirement for non-financial reporting by large companies will pass into European law within weeks. CDP has worked with EU institutions to encourage this development and to try to ensure that any new reporting requirement is of high quality.

Water impacts and availability are crucial aspects of climate adaptation, and water stewardship is an important climate resilience measure. The findings outlined in this briefing are therefore highly relevant to the EU adaptation policy agenda.

CDP Policy Recommendations:

CDP asks European policy makers to consider the findings outlined in this report and calls on them to encourage greater levels of corporate transparency and pursue policy initiatives that support water stewardship across Europe.

Why corporate transparency of water?

Evidence and insight is vital to driving real change. CDP's experience has shown that the power of measurement and information disclosure radically improves the management of environmental risk. By leveraging market forces, including shareholders, customers and governments, CDP has incentivized

thousands of companies to measure and disclose their environmental information. We put this information at the heart of business, investment and policy decisions.

CDP's water program, now in its fifth year, has proven that the creation and widespread availability of meaningful and comparable data, on the use of water by major businesses, provides a catalyst for change. The information collected by CDP offers support to key stakeholders to address global water challenges by:

- Establishing performance metrics and benchmarks for companies to use in setting targets, assessing investments and developing plans;
- Encouraging other smaller businesses to understand and address their own challenges and opportunities relating to water;
- Enabling investors (in both the private and public sectors) to make better, more informed decisions about the impact of water on their investment portfolio and help to identify opportunities to improve the environmental impact and business performance of their investments;
- Informing public policy development and move the debate away from focusing on the needs and activities of the water (supply) industry; and
- Promoting a better understanding and collaborative working between different stakeholders.

Disclosure offers a vehicle to establish a dialogue between organizations and their stakeholders. It is imperative that increasing numbers of European corporations engage with the disclosure process and increase transparency of vital water data. Whilst we have been able to provide key insights as to European companies' response to the water challenges they currently face, our analysis is limited in its scope, as only 70 European companies responded to the 2013 information request. CDP would therefore like to encourage disclosure at a much greater scale.