

The Challenge: Water issues are rising to the top of the list of concerns for large corporations, particularly those that rely on clean water supplies to support their operations and supply chains. Growing corporate concern over water is a recent phenomenon, undoubtedly provoked by highly-publicized events around the globe and across myriad industries in which water shortages or pollution led to severe disruption of business operations or damaged a company's reputation. Some examples include:

- **Agriculture:** Water shortages in California in 2009 devastated the state's agricultural industry, leading to an estimated loss of 21,000 jobs and more than \$1 billion in revenues.
- **Cotton:** Clothing manufacturers stopped buying cotton grown in the Aral Sea region when irrigation diversions shrank the sea to a quarter of its former size and wind-blown, chemical-laden dust and salt from the exposed lakeshore caused an outbreak of cancer.
- **Mining:** Newmont faced protests by thousands of local residents near its Peruvian gold mine due to water concerns that led the company to relinquish access to 3.9 million ounces of gold reserves in 2004.
- **Beverages:** Citizen protests in Kerala, India forced Coca-Cola to shut down a profitable bottling plant in 2005 due to local villager's claims that the company's use of water had caused their wells to go dry. The controversy engendered an anti-Coke campaign on college campuses as far away as the United States.

“The Conservancy brings focused expertise in freshwater conservation science and an in-depth understanding of the interrelationships between healthy ecosystems and the communities they sustain.”

—Denise Knight,
The Coca-Cola Company, 2010.

These and hundreds of other similar controversies have awakened many corporations to their water-related business risks — risks to both their operations and to their reputations — and prompted them to take action to evaluate and manage these risks.

As corporations become increasingly attuned to their water risks, it creates an opportunity for The Nature Conservancy to partner with them in seeking sustainable solutions that can benefit both the companies and the natural world. Three simple facts explain why The Nature Conservancy works with corporations to improve their water use: (1) over-depletion of rivers, lakes and aquifers is a leading cause of ecological degradation, affecting the prosperity of local communities around the world; (2) corporations are the world's largest water users, with nearly two-thirds of all water consumption going into producing ingredients for corporate supply chains; and (3) many corporations continue to pollute rivers and lakes: 70% of industrial waste water in developing countries is not treated before being discharged into the

environment, degrading ecological health, endangering species, and making water unfit for human use.

The Solution: Many corporations are drawn to The Nature Conservancy as a partner in water solutions because of our reputation for sound science and decades of experience on the ground, testing solutions in watersheds around the world. We help companies apply pragmatic, effective strategies for minimizing their water risks while bringing natural ecosystems back to health. Our water experts are advising large multi-national companies as well as investment banks on sensible and sustainable solutions.

The Nature Conservancy's Experience:

The Conservancy is well positioned to assist corporations in addressing their water challenges. We have worked at more than 600 freshwater projects around the world, from Maine's Penobscot River to Africa's Zambezi, and know what it takes to make and keep rivers and lakes healthy. We have deep roots in communities around the world, empowering people to protect the waters that sustain their families, businesses, and quality of life.

Leveraging What We've Learned: We also are developing a global water certification program that will recognize companies that implement sustainable water practices. This program builds from our work with individual companies, with potential to exponentially leverage our conservation outcomes. Like certification programs in the forestry and seafood industries, this program will be based on a suite of "best practice standards" developed through our work and through roundtable discussions with hundreds of companies, water utilities, and environmental and social non-governmental organizations. Our goal is to enroll 100 companies in the certification program by 2015, ultimately moving thousands of companies toward



TNC is working with farmers and corporations to improve water use practices in agriculture © Brian Richter, TNC

How The Nature Conservancy Works with Corporations

We are advising a growing number of companies on how to:

- 1) quantify their corporate water footprint;
- 2) determine their vulnerability to water shortages;
- 3) assess the potential ecological and social impacts of their water use in specific watersheds; and
- 4) design and implement watershed projects that improve water conditions, ecological and social health, and lower corporate risks.

We continue to evaluate which consumer products account for the greatest water use so that we can target our efforts with the companies producing and selling these goods.

For example, the top ten most water consumptive crops are: rice, wheat, maize, soybeans, sugar cane, cotton, barley, sorghum, coconut and millet. While we are beginning to engage with some of the largest growers of these crops, we also are partnering with the biggest buyers of these crops. For example, because beverage companies buy much of the world's supply of sugar, we have entered into partnerships with The Coca-Cola Company, PepsiCo, Ocean Spray, and Kraft Foods.

sustainable water use in their operations and supply chains by 2020.

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