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New Report Assesses Business Water Accounting Methods

Effectively Measuring Water Use and Impacts is Key to Understanding Risk and Promoting Sustainability

April 9, 2010, Oakland, Calif.: Effective business water accounting methods are critical for sustainable water management, according to a new report from the United Nations Environment Programme and the CEO Water Mandate. Current methods are a good start for measuring water use and impacts, but they are inadequate for benchmarking. Advancing effective and coordinated accounting methods for corporate water use and impacts is essential to help companies identify risk, drive improvement, and address stakeholders' needs.

The new report, *Corporate Water Accounting: an Analysis of Methods and Tools for Measuring Water Use and Its Impact*, for the first time pulls together the main water accounting tools being used by the private sector and suggests where accounting methods might benefit from harmonization and increased field testing. The report focuses on the four primary methods and tools in use today: Water Footprint Network's "Water Footprint"; Life Cycle Assessment; WBCSD's Global Water Tool; and GEMI's Water Sustainability Tools.

Concerns about growing water scarcity, lack of access to water to meet basic human needs, degraded ecosystem function, and the implications of climate change have brought water to the forefront as a strategic concern for companies around the world. Corporate water accounting allows consumers, civil society groups, and the investment community to compare different companies' social and environmental impacts in order to inform their actions and decision making.

Corporate Water Accounting: an Analysis of Methods and Tools for Measuring Water Use and Its Impact, was prepared by the Pacific Institute and the Institute for Environmental Research and Education.

"Companies' ability to measure and account for their water use and wastewater discharges throughout the value chain is a critical component in their risk assessment and mitigation efforts, as well as their broader ambitions to become responsible water stewards," said Jason Morrison, director of the Pacific Institute's Globalization Program and lead author of the report. "But what we find is that it is complicated to collect and disseminate meaningful water-related information; we need more sophisticated, location-specific tools and better data."

Companies assess water use for many reasons, including pursuit of reduced costs, strategic planning, brand management/corporate reputation, and corporate ethics/philanthropy – but the bottom line is to identify and reduce water-related business risk and seize opportunities, whether through building competitive advantage, ensuring long-term operational viability, or maintaining and/or improving social license to operate.

"The term 'water footprinting' is often used, but it means different things in different contexts, and for many it's an umbrella term like 'carbon footprinting.' Therefore, we refer in this report to 'corporate water accounting,'" said Guido Sonnemann, Programme Officer for Innovation and Life Cycle Management within UNEP's Sustainable Consumption and Production Branch. "Currently claims about 'water footprinting' need to be scrutinized carefully. What we need is a shared understanding of the term and practice, if we are serious about communicating information on sustainable water management through the value chain."

The report points to a more outward-looking approach to corporate water accounting, one that considers the social, political, and environmental conditions of the watersheds in which the companies operate. Key areas for improvement in water accounting practices are identified:

-Reaching broad consensus on the concept of "water footprinting";
-Better measuring and characterizing the local contexts in which the companies operate (particularly social dimensions such as accessibility and affordability of water resources);
-Developing more consistent ways to measure and communicate water-related information across industry sectors and regions;
-Systematically assessing water risks and impacts across the full supply chain;
-Coordinating efforts among companies to better measure and put into context their relationship with water resources and sustainable water management.

"Comprehensive corporate water accounting requires a number of different types of assessments," said Gavin Power, deputy director of the UN Global Compact. "In order to meaningfully contribute to improved practices and, ultimately, the sustainable management of water resources, businesses must also understand and work in unity with aspects they can't control, not just the components they can directly influence."

The new *Corporate Water Accounting* report is part of the UNEP Water Footprint, Neutrality, and Efficiency Umbrella Project, which aims to encourage convergence and compatibility among water accounting methods and management tools.

The report can be downloaded free of charge at:
http://www.pacinst.org/reports/corporate_water_accounting_analysis/index.htm

The United Nations Environment Programme's Division of Technology, Industry, and Economics commissioned this report from the Pacific Institute in its capacity as part of the CEO Water Mandate Secretariat. The report is one component of the broader UNEP Water Footprint, Neutrality, and Efficiency Umbrella Project. The CEO Water Mandate is a UN Global Compact initiative designed to help the private sector better understand and address its impacts on and management of water resources.
http://www.unglobalcompact.org/Issues/Environment/CEO_Water_Mandate/

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