Business for Social Responsibility

BSR Conference 2008 | Sustainability: Leadership Required

Water Neutrality: Contradiction in Terms?

Breakout Session Summary

Wednesday, November 5, 2008 | 2-3:30 p.m.

Speakers

- **Arjen Hoekstra**, Professor of Multidisciplinary Water Management, University of Twente, and Executive Director, Water Footprint Network
- **Karin Krchnak**, Senior Advisor of International Water Policy, The Nature Conservancy
- **Peter McCornick**, Director of Water Policy, Nicholas Institute of Duke University
- **Linda Hwang**, Manager, Environmental Research & Development, Business for Social Responsibility (moderator)

Highlights

- It's generally agreed that the term "water neutrality" distracts from the more critical steps of conducting a water footprint and driving water conversation efforts.
- Many companies will need to build transparency into their supply chains before they are able to conduct a water footprint.
- Due to a lack of water information, cross-sector partnerships will be critical to advancing overall water footprinting and reporting standards.

Memorable Quotes

- "Water footprinting is still a new idea. This is the first international forum for debating the concept of water neutrality . . . with business." —Arjen Hoekstra, University of Twente
- "By 2050 we're looking at a doubling of water consumption. Where's that going to come from?" —Peter McCornick, Nicholas Institute
- "What are the tools for action? Certainly water footprints and water offsets are ways we can change behavior." —Karin Krchnak, The Nature Conservancy

Overview

In 2007, the Coca-Cola Company pledged to return all water used in its operations back to nature—drawing mainstream attention to the concept of "water neutrality." Hoekstra began the panel discussion by describing another emerging concept: water footprinting, or the process of analyzing the direct and indirect water impacts of a product, company, country, or other entity. Important facts have emerged from analyzing water footprints, including: The

production of consumer goods requires a large amount of water; water is not priced in proportion to its value; and often more than 80 percent of the embedded water in a country's products comes from outside the country. Unlike carbon, the water source and processing location are important factors when considering the environmental impact of water. Hoekstra fears that water neutrality and offsets will be treated similarly to carbon, where a lack of standardization could make claims meaningless.

Next, McCornick reviewed the social impacts of water use:

(1) Securing water: Social and political issues in the developing world make water rights less straightforward, requiring companies to engage directly with local communities.
(2) Securing virtual water: Companies must realize the tensions of water usage in their supply chains, including the trade-off between local job creation and downstream impacts.
(3) Wastewater: Contaminated water causes significant downstream issues in most areas of the world that do not have the capacity to treat wastewater.

Krchnak followed by framing water use in the context of broader ecological sustainability requirements, naming five key components to consider: water quantity, water quality, connectivity, physical habitat, and species interactions. With appropriate action, companies can ensure ecosystems re-harmonize and respond positively to companies' operations.

To help companies prioritize action and conduct a footprint, Hoekstra emphasized the need for transparency in supply chains. Krchnak added that companies can drive better standards through partnerships. For example, The Nature Conservancy is working with companies to develop a set of voluntary principles to guide water sustainability.

While measurement standards are likely to be released in two to three years, Hoekstra commented that it's too early to *require* reporting. Industries need a lengthy learning process to develop well informed standards that are credible in the long-term. Krchnak added that historically most water policies and institutions are not well developed, and standards will need to adapt as more information becomes available.

When asked about water pricing, the panel agreed that a key challenge is that if water was priced at its true cost, it would be out of reach for most impoverished communities. Krchnak also cited a trend towards valuating ecosystem services that take into account how much people are willing to pay for conservation efforts. In closing, McCornick emphasized it's not a question of price, but a question of who pays, adding "governments fall over this issue."

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