

# Sinayo Securities Water Summit

## Responsible risk reducing responses

### Financial insights – opportunities, impacts & returns

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# Drivers for action on water

## - Mega trends -

- Climate change (*water-energy-food nexus*)
- Technology
- Population growth and urbanization
- Emerging middle classes



## - Corporate realities -

- Disclosure



- Physical limits



- Stakeholder expectations



- Regulation



- 5991 Budget 2017/18 Annexure 6: Water and Sanitation - Water - Consumptive (40 percent) Tariff 31/05/2017, Budget, Tariff - 104.4 KB
- 5991 Household Water Usage Guideline 12/01/2018, Guideline - 158 KB
- 5991 Level 6 Water and Sanitation Tariffs 01/02/2018, Tariff - 141.1 KB
- 5991 Level 6B Water Restrictions Guidelines (Afrikaans) 01/02/2018, Guideline - 128 KB
- 5991 Level 6B Water Restrictions Guidelines (English) 01/02/2018, Guideline - 168.3 KB
- 5991 Level 6B Water Restrictions Guidelines (isiXhosa) 01/02/2018, Guideline - 182 KB
- 5991 Non-Potable Water - Do Not Drink Sign Poster 01/09/2017, Poster - 39.0 KB
- 5991 Water Conservation and Water Demand Management Strategy (2014/15 Review) 09/02/2018, Strategy - 1.9 MB
- 5991 Water and Sanitation-Level 6 Sanitation-Consumptive Restriction Tariff 31/01/2018, Tariff - 145.4 KB
- 5991 Water and Sanitation-Level 6 Water-Consumptive Restriction Tariff 31/01/2018, Tariff - 168.2 KB

# Manifested financially?

tariffs

vs.

total cost of water

- licensing
- stakeholder management
- infrastructure/ treatment etc.
- value chain – supply/ customers
- business interruption

cost of finance

- insurance
- cost of capital
- access inc. green/ social/ climate bonds

- competitive advantage
- new products
- new services
- premium offerings

revenue

# Addressed “holistically”?



(Only)  
**51%**

of company water goals relate to broader catchment management and water stewardship

Only a limited number of goals set by companies relate to their wider context

**12%**

Remediate watershed, restore habitat and preserve ecosystem

**10%**

Sustainable agriculture

**8%**

Strengthen links with local community

**8%**

Provide access to Water, Sanitation and Hygiene (WASH) in community & workplace

**7%**

Educate customers to help them minimise product impacts

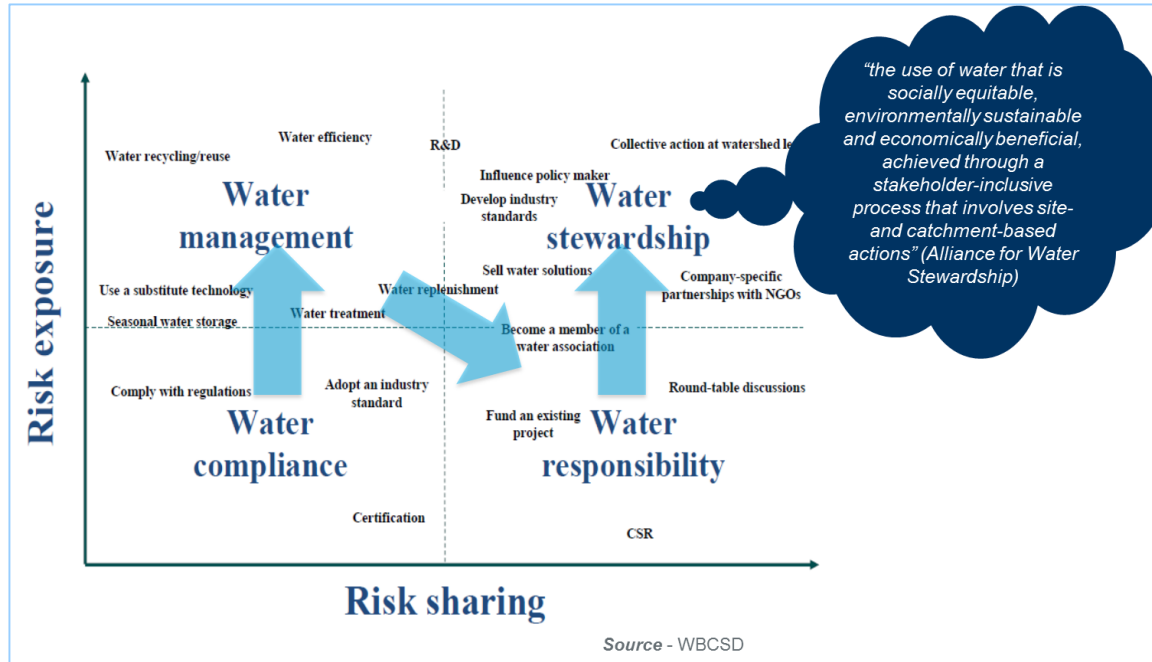
**5%**

Engage with public policy makers to advance sustainable water policies and management

**Targets not reflecting “shared nature” of risks**

CDP Water 2016/2017

# Journey model overcoming barriers?



## Some common barriers:

- Making the **business case**
- Understanding **trade offs**
- Identifying **shared value**
- Mobilising **multi-disciplinary teams**

# Some questions to assess company performance

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- How is the company positioned to address emerging global trends such as urbanization, climate change etc. and to provide solutions to societal sustainable development challenges in the future?
- How are drivers for water action understood and integrated into the company's integrated business/ sustainability strategy (as per King IV)?
- Are the potential financial impacts of water (both positive and negative) on the company's valuation accurately understood?
- Are shared value/ external value concepts applied to identify optimal solutions based on shared nature of the risks?
- Does the company have appropriate measurement and targets to drive meaningful action, e.g. catchment based targets (SBTs)?

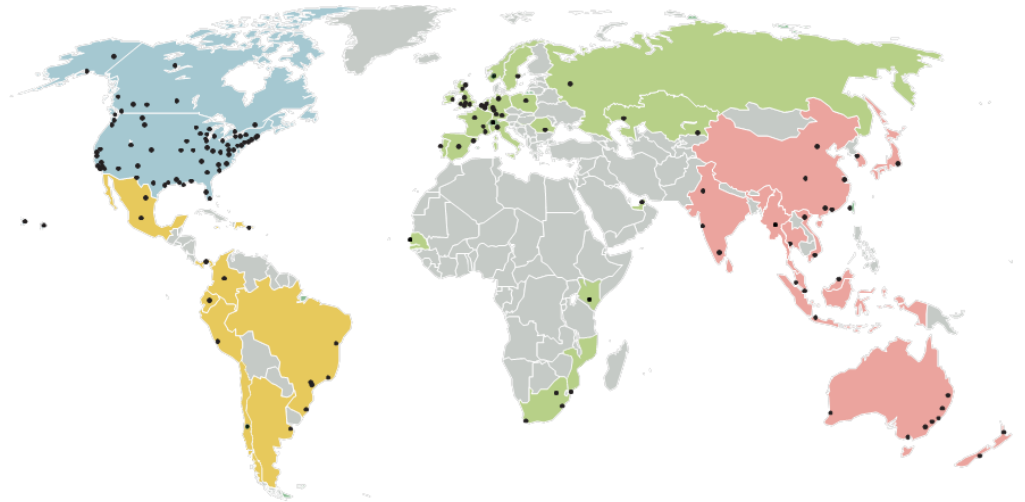


## About ERM

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