

# WATER MARKET INSIDER

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## BEYOND THE BUZZWORD: EVALUATING CORPORATE WATER STEWARDSHIP PRACTICES & THEIR IMPACT



### CORPORATE WATER STEWARDSHIP

#### SOUNDS GREAT, BUT WHAT DOES IT ACTUALLY MEAN?

There is a growing interest in corporate water stewardship as part of broader corporate environmental, social, and governance (ESG) activities and to meet emerging sustainability reporting requirements in corporate financial reporting. Water stewardship often entails the development of goals and metrics that seek to accomplish the following:

- Transparent reporting on water use and water related impacts of company operations
- Optimizing water use and pursuing water use efficiency in company operations and at company facilities.
- Working in the broader community and watershed to assist with projects that offset or mitigate the water-related impacts of company operations.

While these types of activities are typical, corporate water stewardship has many definitions and

interpretations depending on industry sector, scale of operations, and other factors. In the absence of regulatory standards and guidance, water stewardship can basically mean what you want it to mean. To better understand how corporations are defining and acting on water stewardship and related water goals, WestWater reviewed the publicly available information for 90 companies across 8 different business categories. We found significant variability in goal setting, reporting, and performance across the selected companies, and some surprises on the extent to which companies are active in this space.

A qualitative review was completed that graded each company on three topics:

- 1. Goal Setting:** how clearly defined are water stewardship goals?
- 2. Reporting:** are water stewardship actions and company water use well documented?
- 3. Performance:** how much progress has been made toward water stewardship goals?

## CORPORATE WATER STEWARDSHIP PRACTICES & THEIR IMPACT

### NOTABLE FINDINGS

Figure 1: A qualitative review of corporate ESG reporting

	Company	Goals	Reporting	Performance	Overall
Mining	Rio Tinto	10	8	6	24
	Barrick Gold Corporation	5	8	0	13
	Newmont Corporation	5	8	0	13
	Freeport-McMoran	0	8	0	8
	Hecla Mining Company	5	0	3	8
	Kinross Gold Corporation	0	8	0	8
	Royal Gold, Inc.	0	8	0	8
	SSR Mining	0	8	0	8
	Lundin Mining Corporation	0	8	0	8
	AngloGold Ashanti Limited	0	8	0	8
Agriculture	Kubota Corporation	10	8	6	24
	Bunge Limited	10	8	6	24
	Cargill Incorporated	10	8	3	21
	Dole Food Company	10	4	3	17
	Bayer	5	8	3	16
	Archer-Daniels-Midland	5	4	3	12
	Land O'Lakes Incorporated	5	4	3	12
	Tyson Foods Incorporated	5	4	3	12
	Nutrien Limited	5	4	0	9
	JBS USA	5	4	0	9
	Dupont / Corteva Agriscience	0	8	0	8
	Dow Incorporated	0	4	3	7
	Smithfield Goods	0	0	0	0
	Driscoll's	0	0	0	0
	Ocean Spray	0	0	0	0
Power	First Solar	10	8	6	24
	Salt River Project	10	8	3	21
	Xcel Energy	5	8	6	19
	TEP (Tucson Electric Power)	10	4	3	17
	PNM Resources	5	4	0	9
	Pacific Gas & Electric	0	8	0	8
	Portland General Electric	0	8	0	8
	Southern California Edison	0	4	0	4
	Arizona Public Service	0	4	0	4
	Puget Sound Energy	0	4	0	4
	Idaho Power	0	4	0	4
	El Paso Electric	0	4	0	4
	Calpine Corporation	0	4	0	4
	Tri State	0	0	0	0
	Pacificorp	0	0	0	0
	Bonneville Power Administration	0	0	0	0
Food & Beverage	Hormel Foods	10	8	6	24
	PepsiCo	10	8	6	24
	Coca-Cola	10	8	6	24
	Procter and Gamble	10	8	6	24
	Molson Coors	10	8	6	24
	Nestle	5	8	3	16
	Mondelez	5	4	6	15
	Keurig Dr Pepper	5	4	3	12
	Anheuser-Busch	0	8	3	11
	Kellogg's	5	4	0	9
	Conagra	0	8	0	8
	Campbells	5	0	0	5
	General Mills	0	0	0	0
	Apache Corporation	10	8	6	24
Oil & Gas	Devon Energy	5	8	6	19
	ConocoPhillips	5	8	3	16
	Diamondback Energy	5	4	6	15
	Vital Energy	5	4	6	15
	Occidental Petroleum	0	8	0	8
	Ovintiv	0	8	0	8
	ExxonMobil	0	4	0	4
	Chevron	0	4	0	4
	EOG Resources	0	4	0	4
	Marathon Oil	0	4	0	4
	SM Energy	0	4	0	4
	Hilton	10	4	6	20
	Las Vegas Sands	5	8	6	19
	AccorHotels	10	4	3	17
Hospitality	MGM	5	4	6	15
	Wyndham	5	4	6	15
	Caesars Entertainment	5	4	6	15
	Marriott	5	4	3	12
	Walt Disney Company	0	4	0	4
	Four Seasons	0	4	0	4
	Hyatt	0	0	0	0
	Best Western	0	0	0	0
	G6 Hospitality	0	0	0	0
	Meta	10	8	6	24
	Microsoft	10	8	6	24
	Intel	10	8	6	24
	Amazon	5	8	6	19
	Apple	10	4	3	17
Technology	Google	5	8	3	16
	Tesla	5	4	0	9
	Oracle	5	4	0	9
	Nvidia	0	4	0	4
	Salesforce	0	4	0	4

## CORPORATE WATER STEWARDSHIP PRACTICES & THEIR IMPACT

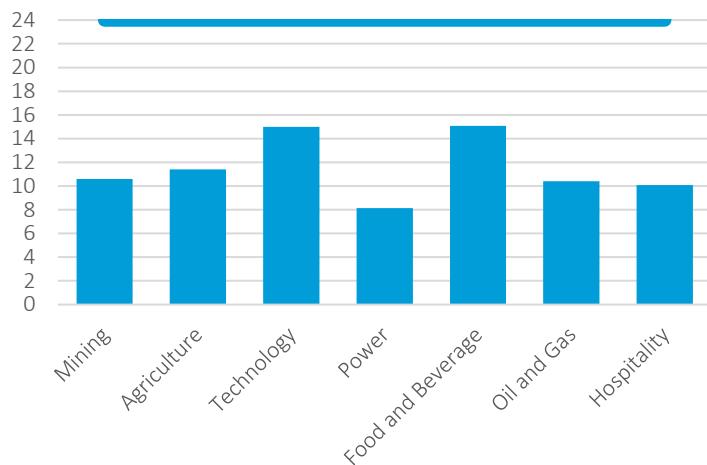
### NOTABLE FINDINGS

Each business sector had a lot of diversity in overall grades and grades in each topic. This indicates that water stewardship may not be a core performance metric for companies and some companies are exploring benefits of getting out ahead of others in their sector.

Companies in the Technology and Food & Beverage sectors had the highest overall scores for water stewardship. This was expected because company names tied to water stewardship projects across the globe are typically from these two sectors. The retail (customer-facing) nature of these companies motivates a strong environmental message and high margins provide the necessary cash flow to maintain high levels of activity in water stewardship.

Power companies are significant water users but were found to have the lowest water stewardship scores. Power companies are often regulated utilities and are often not in competition for their services, such that they are focused on meeting regulatory requirements. Water stewardship activity will likely increase in this sector if required.

Figure 2: Overall Grading by Business Category



The mining sector was found to be a leader in water use reporting which may be driven by regulatory requirements associated with their permits. The hospitality sector had the lowest grade on reporting possibly due to the large number and distribution of facilities operated by these companies.

Across all companies, average grades indicate that companies are best at reporting on water use and water stewardship, decent at setting goals related to water stewardship, and have room for improvement in documenting performance against their stated goals.

Figure 3: Goal Setting

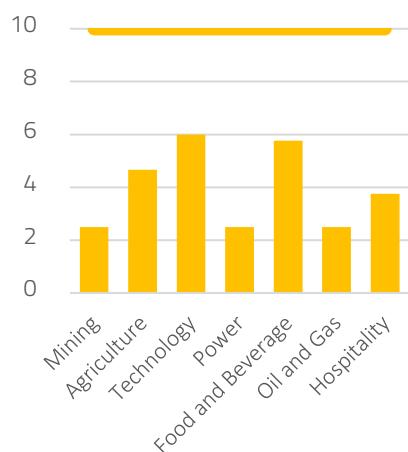


Figure 4: Reporting

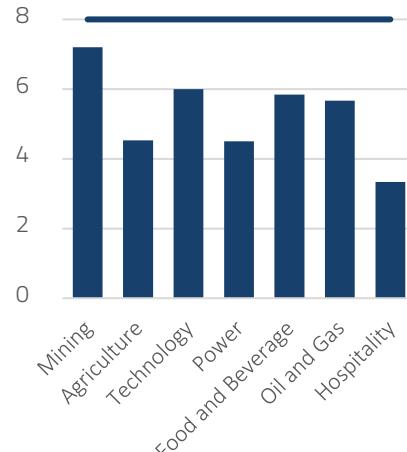
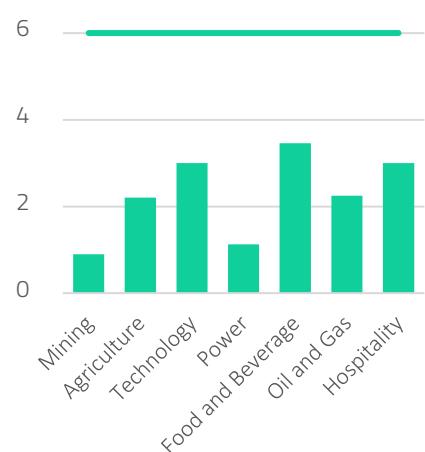


Figure 5: Performance



## CORPORATE WATER STEWARDSHIP PRACTICES & THEIR IMPACT WATER MARKET IMPLICATIONS

Water markets may play an important role in corporate water stewardship activities in two key areas:

- 1. WATER SUPPLY RISK:** Corporate water stewardship reporting is increasingly tied to financial disclosures and required sustainability reporting. An important aspect of such reporting is to understand the sustainability of company water supplies and the risks associated with specific water supply sources. Water supply risk has multiple components including physical, regulatory, and market risks. The ability to use water markets to address water supply risks is an important consideration for corporations as they evaluate the sustainability of their facilities or operations.
- 2. MITIGATING WATER USE:** Some companies have stated a goal of being “water positive” or will take actions to “replenish” their water use. These terms can be subject to interpretation, but one potential method of achieving such goals is to offset company water use by conducting water conservation projects or enhancing water supply conditions in the water source that is being relied upon by the company. Water market activity may increase in watersheds or regions that are home to facilities that wish to fund water offset projects. 



*WestWater would like to thank Josh Charfauros for his research efforts on corporate water stewardship practices during his 2024 summer internship with us. Josh is a student at UC Santa Barbara, double majoring in Statistics & Data Science (B.S.) and Applied Mathematics (B.S.), with an anticipated graduation in June 2025. He has always had a keen interest in finance and data analysis. An avid surfer with a love for the ocean, Josh finds a natural intersection of his passions in water markets.*

## ABOUT WESTWATER RESEARCH

WestWater Research is the leading economic consulting firm in pricing, valuation, and transaction advisory services for water rights and water resource development. Our clients rely on our expertise to make sound water resource management and financial decisions when water demands increasingly outpace available supplies.

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