

Water Materiality Checklist (v1.0)

A Pioneering Initiative by Water Footprint Implementation

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Despite growing environmental challenges, we see a critical issue that not enough companies fully acknowledge the crucial role water plays in their operations and supply chain. In order to kickstart the conversation, we have developed the first version of **Water Materiality Checklist**. The primary aim of this checklist is to provide an easy way to help organizations evaluate the significance of water. In doing so, we have chosen the following two critical factors: (1) **the industry sector** and (2) **the geographic regions** in which they operate.

Whether your company is navigating through the challenges of sustainability reporting (e.g. CSRD), or taking proactive steps toward a sustainable future, this checklist can be the first step for your company in recognizing and identifying your risks and dependencies associated with freshwater resources.

Sector and Industry materiality

The first factor to consider is whether your company belongs to an industry which consumes a lot of water. We were inspired by the [Ceres' research - Global Water Assessment of Private Sector Impacts on Water](#) to use as classification of industries, sectors and its impact on water. Table 1 below shows the key sectors and industries (within those sectors) with the most severe and systemic impacts on freshwater resources. If an organisation is active in, or closely collaborates with, any of the mentioned sectors or industries, water is highly likely to be material and hence requires reporting under the Corporate Sustainability Reporting Directive (CSRD).

	Sectors	Industries
1	Consumer Staples	Food products Beverage
2	Consumer Discretionary	Textiles Apparel Luxury goods
3	Energy	Oil and Gas
4	Health Care	Pharmaceuticals
5	Materials	Chemicals Metals and mining Paper and Forest Products
6	Information Technology	High-tech and electronics Semiconductors and circuit boards Battery manufacturing
7	Utilities	Renewable electricity (hydroelectric power)

Table 1: Key sectors and industries within those sectors with the most severe and systemic impacts on freshwater resources (Source: Ceres Global Assessment of Private Sector Impacts on Water, 2022).

Location materiality

The second factor to consider is the location of water use and impact in your production chain by looking at the location of the water use. To assess the materiality of water based on the location of an organisation and its activities, please visit the [water footprint assessment tool](#). This tool has been designed in collaboration with the [Science Based Targets Network](#), using the most reliable and up-to-date data on water. This tool is currently being expanded and will include a CSRD materiality assessment and CSRD reporting function by the end of 2024.

If an organisation and/or part of its activities are located in regions of water stress, water is highly likely to be material - regardless of your sector and industry. Figure 1 below shows the sustainability of current freshwater use per river basin in different regions around the world. Importantly, the level of water stress can also differ on temporal scale – meaning that the same region can experience different levels of water stress throughout the year(s).

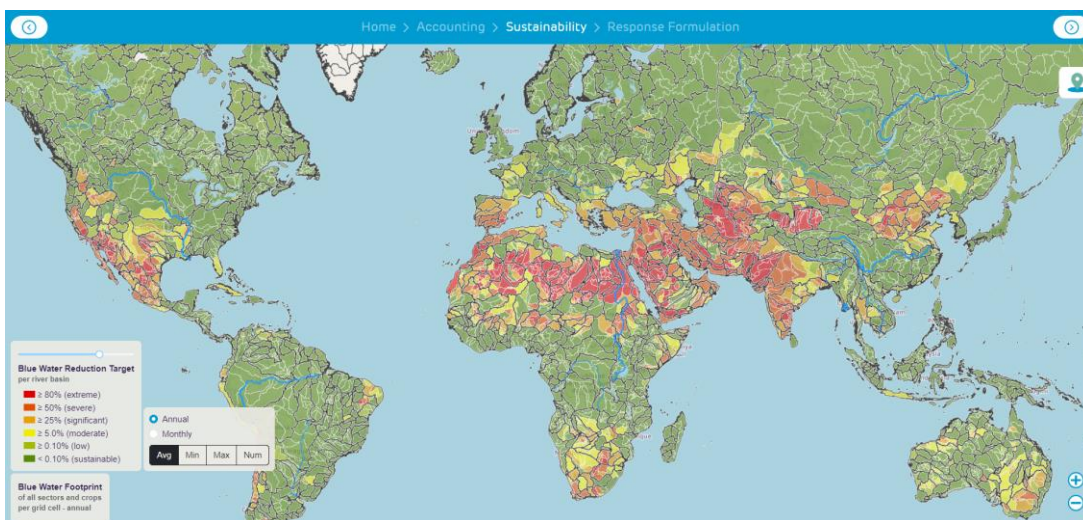


Figure 1: Sustainability of current freshwater use per river basin. Colours refer to required reduction of total freshwater use to become sustainable on a river basin level (Source: Water footprint assessment tool, 2024).