

<https://blog.en.erste-am.com/world-water-day-2018-smoke-water-water-footprint-sustainable-investments/>

World Water Day 2018: Smoke on the water – the water footprint of sustainable investments

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The World Water Day was first introduced on 22 March 1993. The goal was to anchor the meaning of water and thus the efficient use of this critical resource in the collective consciousness. Despite the long history, the importance of water from the point of view of risk has only recently gained in relevance.

Drought, poverty, and flight

Clean drinking water is a dwindling good. The [World Economic Forum](#) rates a global water crisis as fifth-biggest risk for the coming years. Local freshwater shortage is a risk with social consequences. Water shortage can make entire regions uninhabitable and force people to flee. Access to water is thus becoming more and more important on a global scale.

According to the [World Resources Institute](#), every seventh person today lives in a region with scarce water resources. By 2025, this number could increase to 3.5bn, i.e. to almost half the world's population. Pollution and the resulting threat to freshwater springs is one of the most frequent reasons for water shortages.

Pioneering work in the field of water footprints

The models that facilitate the establishment of the water footprint uses the volume of water used and reported by companies as input variable for the calculation of water intensity. In order to ensure a reliable set of data, we take into account only those data that have been supplied by several providers. Data available for less than 80% of relevant business activity are not used in the model.

Even though our water data currently only cover about half of our equity holdings, it is important for us to promote the availability of reliable water data. We achieve this goal on the one hand by publishing the water footprint itself, and on the other hand by entering into an intensive dialogue with our research partners.

Location, location, location

Whereas every tonne of CO² emitted or saved makes a global difference, water shortage is a local problem. The relevant unit is therefore every regionally confined water catchment area. The water footprint sorts the regions of business activities in terms of water stress level from low to high. The higher the stress level, the higher the water risk.

For example, fruit cultivation in the Austrian region of Wachau (Lower Austria) is safe, whereas in the dry regions of California it is problematic. Water consumption first has to be allocated to the region where the company operates in order to assess the risk of water shortage.

Regional Distribution of water intensity of the ERSTE RESPONSIBLE equity funds

For the ERSTE RESPONSIBLE funds, the establishment of water risk represent an important part of sustainable company (e)valuation. To this end, the regional operations of the company, the dependence on water use, and the measures aimed at improving sustainable water consumption are taken into consideration. For example, the water intensity of our flagship fund [ERSTE RESPONSIBLE STOCK GLOBAL](#) is only 37% of that exhibited by the global equity index.

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