



The True Cost of Water

An economic evaluation of risks and benefits related to water use

By 2050, it is predicted that 70% of the world's GDP will be produced in water-scarce regions whilst an increasing number of cities and industries will be facing economic challenges due to severe water events such as flooding.

These and other risks related to water are a critical consideration for today's decision makers.

Existing water footprint indicators give us insight into the vulnerability and resilience of a specific activity to water challenges. **Now, decision makers are looking at an even more pragmatic and straightforward metric: dollars.**

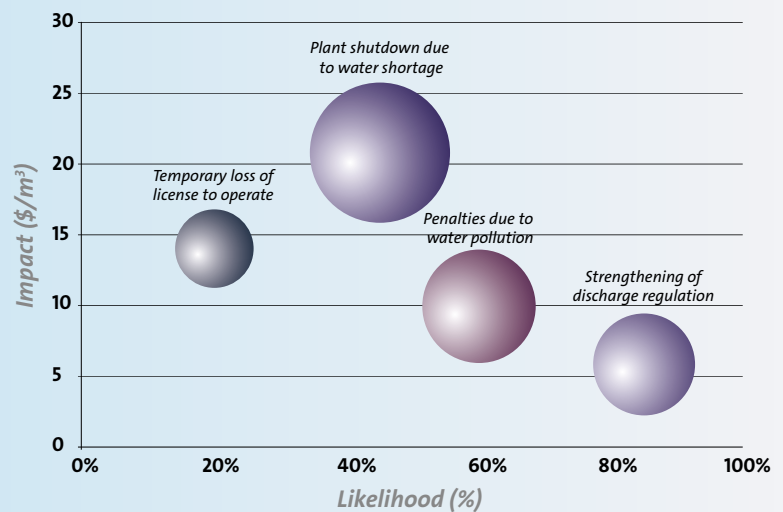
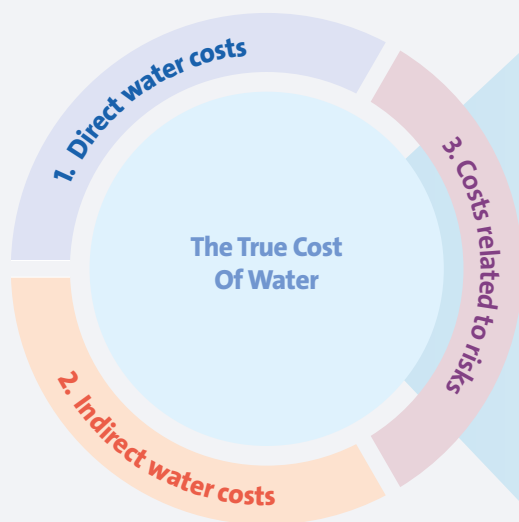
Veolia's True Cost of Water tool focuses on the financial implications of water-related risks. It helps the user anticipate, prioritise, and more effectively mitigate water-related risks that can negatively affect the bottom line by creating a risk-reward trade-off analysis.

Veolia creates the True Cost of Water to help companies mitigate production risks whilst optimising environmental impacts

The True Cost of Water combines three types of costs:

- 1. Direct costs:** price of water, operational costs (OPEX) and investments (CAPEX) in water infrastructure
- 2. Indirect costs:** administrative, legal and corporate social responsibility costs
- 3. Costs related to risks:**
 - operational risks: e.g. water shortages, flooding
 - financial and regulatory risks
 - costs related to reputational risks: e.g. temporary loss of license to operate, boycotts

The True Cost of Water combines three different types of costs:



The graph represents an example of identified risks during the analysis. Each risk is plotted on a graph based on its probability and potential economic impact.

By including the concept of the True Cost of Water into business decisions, decision makers can better understand the importance of investing in sustainable practices

such as water reuse and wastewater resource recovery. Return on investment is no longer simply based on current costs but is instead corrected to the risk-based costs.

The True Cost of Water provides companies with vital information to assist in the selection of appropriate water strategies to diminish their overall water risk.

For more information: www.veoliawatertechnologies.com/sustainability/true-cost-water/