

Waterproofing Exposure: With China and the US agreeing to ratify the Paris Agreement at the G20 summit this month, climate and water risks have come of age. In China, regulations have also made them more tangible and immediate. Banks with longer term investment horizons are exposed, but where is the financial community on waterproofing their portfolios/investments from such exposure? Check out who's doing what on this front in banking and see what 70+ investors from 50+ financial institutions and funds have to say about our recent water risk valuation work. Challenges remain in disclosure and measurement and Biswas, Tortajada & Chandler expand on why we must work together to set common goals. Water risks are not going away, if anything they are intensifying. Urgent water resources issues pervade from high up in our mountains to deep underground. Glaciologist Inglis explores the threat to the Yangtze's headwaters while Earth Securities Group CEO Litovsky & researcher Hill Clarvis explain the urgency behind depleted aquifers. The call for united action was echoed in this year's World Water Week where efforts were made to start aligning the interests and aims of bankers, investors and corporates with the SDGs, in particular SDG 6 on water. There are multiple challenges. We can start by directing capital responsibly and protecting capital by reducing exposure to rising water risks. Building resilience for either water infrastructure or loan/investment portfolios will be costly, but the cost of inaction will be much greater. Surely it's time to start investing in waterproofing your exposure.



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NEWSLETTER

EDITORIAL

Waterproofing Exposure: With China and the US agreeing to ratify the Paris Agreement at the G20 summit this month, climate and water risks have come of age. In China, regulations have also made them more tangible and immediate. Banks with longer term investment horizons are exposed, but where is the financial community on waterproofing their portfolios/investments from such exposure?

With the G20 study urging finance firms to better assess environment risk plus a host of reports published this month around factoring in environmental risk (in China & globally - see tapping in column), we take a closer look at banking & investment in the age of water risk. Check out who's doing what in banking and why it is prudent to assess water risks now. Also see what 70+ investors from 50+ financial institutions and funds have to say about our recent water risk valuation work.

Although a step in the right direction, we need to find consensus in the approach, not only towards water risk valuation, but also on disclosure and measurement. The setting of common goals is also essential and Biswas, Tortajada & Chandler expand on why corporates and governments must work together to manage the world's liquid asset.

These risks are not going away, if anything water risks are intensifying thanks to climate change. There are urgent water resources issues from high up in our mountains to deep underground. Models show that as much as 67% of China's glacier volume may disappear by the end of the century. Meanwhile 21 of the 37 the largest aquifer systems globally are being depleted.

Glaciologist Inglis explores the threat to the Yangtze's headwaters while Earth Securities Group CEO Litovsky & researcher Hill Clarvis explain why countries & MNCs must come together to collaborate on solutions.

The call for a united approach against water risk exposure was found also in this year's World Water Week. There was more talk on corporate exposure. There were also efforts made to start aligning the interests and aims of bankers, investors and corporates with the SDGs, in particular SDG 6 on water.

There are many challenges. We can start by addressing the contradictory views of multiple stakeholders and by building consensus on the approach towards water risk valuation. We can start by directing capital responsibly and protecting capital by reducing exposure to rising water risks.

These are lofty goals and finding consensus regarding the way forward in managing, valuing and mitigating water risks will take time. Building resilience for either water infrastructure or loan/investment portfolios will be costly, but the cost of inaction will be much greater. Surely it's time to start investing in waterproofing your exposure.



Banking in the Age of Water Risk

Are water risks and their potential impacts factored in by banks? Or is 'water exposure' just the water used in offices & branches? Tan says prudence dictates we must start to waterproof portfolios

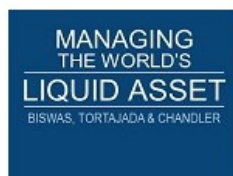
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Water Risk Valuation - What Investors Say

See what 70+ investors have to say on different valuation approaches we applied to 10 energy stocks listed across 4 exchanges. Is there consensus? What are they most worried about?

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Managing the World's Liquid Asset - Water

Savvy investors recognise water as a business risk yet there is still no agreed global standard & framework for sustainability reporting. Biswas, Tortajada & Chandler on why corporates & governments must do more

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Corporate Leadership For Depleting Aquifers

Earth Security Group's CEO brief warns that depletion of aquifers is creating systemic business risks and geopolitical challenges. Authors Litovsky & Hill Clarvis urge countries & MNCs to collaborate on solutions

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2016 World Water Week: Key Takeaways

Business, risk assessment & linkages with SDG 6 were key issues at World Water Week 2016, fitting given the theme "Water for Sustainable Growth". Check out our three key takeaways from Stockholm

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Yangtze Headwaters Under Threat

By the end of the century, 67% of China's ice may be gone. Can the Yangtze survive with this meltwater? Glaciologist Inglis explores the threats & impact to the source region of the Yangtze's headwaters

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TAPPING IN

New CWR Reports!

- CWR: [Toward Water Risk Valuation](#): Investor Feedback on Various Methodologies Applied to 10 Energy ListCo's - in English & Chinese
- CWR & MEP: [Yangtze River Economic Belt article](#) in Environmental Protection journal (Chinese only)

Government

- State Council: [13FYP Technological Innovation](#): to control water pollution
- PBC, MoF, NDRC, MEP, CBRC, CSRC & CIRC: [Establishing Green Finance System](#): including green credit system; national green development fund; water rights & pollution permit trading markets
- NDRC & NEA: [Further Regulations for Power Projects Under Construction](#): postponed coal-fired power projects on hold until end of 2017
- NEA: [2015 Assessment Report of Renewable Energy Development](#): non-hydro renewables = 5% of total electricity consumed
- NDRC: [Standard Feed-in Tariff of Concentrated Solar Power Projects](#): RMB1.15/kWh for all operating by 2018; expected to fall after
- NDRC: [Management Measures on Water Efficiency Labelling](#): 3rd party audit required; in public consultation until 24 Sep
- MEP & MIIT: [Promoting Clean Production Technologies in Key Industries for Water Pollution Control & Prevention](#): targets 11 polluting industries
- MEP: revised [Emission Standard of Pollutants for Caustic Alkali and Polyvinyl Chloride Industry](#): PVC industry = 80% of China's mercury consumption; special limits to be applied in areas with serious water pollution

Reports

- Earth Security Group: [CEO Briefing: Global Depletion of Aquifers](#)
- G20 Green Finance Study Group: [G20 Green Finance Synthesis Report](#)
- UNEP: [Financing Sustainable Development - Moving from Momentum to Transformation in a Time of Turmoil](#)
- Centre for Sustainable Finance: [Environ Risk Analysis by Financial Institutions - A Review of Global Practice](#)
- Golden Credit Rating International & Trucost: [An Environmental Performance Based Assessment Framework to Support the China Green Bond Market](#)
- PRI: [A Practical Guide to ESG Integration for Equity Investing](#)
- IPE: [2015-2016 Pollution Information Transparency Index](#)
- IPE, Green Jiangnan & Huai River Guardians: [Textile Industry Report 5: Special Ed on Disney](#)
- SEE & 10 Chinese NGOs: [Black-odor River Treatment Observation Brief: Issue #1](#)

Interest

- China & the US formally confirmed to ratify the Paris agreement
- China's 1st environ protection tax law draft submitted to top legislative body; annual tax revenue expected to be RMB22.8-45.7bn

Hot on Weibo:

- More Chinese start-ups, like Mobike, are encouraging green lifestyle

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