

T2 • Water Footprint in Business and the “Value of Water”

1. BACKGROUND

Water has quietly become one of the most important yet least understood variables in business decision-making. It is no longer only an environmental issue or a public utility concern, but increasingly a strategic economic factor affecting production systems, supply chains, investment decisions, competitiveness and long-term resilience.

Globally, around 70% of freshwater withdrawals are allocated to agriculture, just under 20% to industry, including energy, and around 10% to domestic or municipal uses. Domestic water use remains essential for life, dignity and the human rights to safe drinking water and to sanitation; in this sense, water is a common good. At the same time, the largest share of water use is linked to the production of food, energy, industrial goods, consumer products, tourism services and digital infrastructure. Water is therefore also a factor of production, comparable to other strategic inputs such as land, labour, capital, energy and technology. This dual nature of water reveals a central paradox. Although no economy and no development are possible without water, it is still too often treated as a low-cost, almost unlimited and insufficiently valued resource. WWF estimates that economic activity worth roughly US\$58 trillion a year — about 60% of the world economy — depends on water and healthy freshwater ecosystems. Yet water is still often valued mainly in terms of extraction, treatment and distribution costs, rather than for its broader contribution to food security, public health, industrial continuity, ecosystem stability and social cohesion. Many companies can account for the cost and volume of water entering their own sites but have far less visibility over the water used by suppliers, embedded in sourced materials and products, or linked to the condition of the basins on which production depends.

In the Mediterranean, this lack of visibility is becoming increasingly difficult to ignore. The region is one of the world's climate hotspots, while around 180 million people already live under conditions of water scarcity or water poverty, a figure that could exceed 250 million within the next two decades. The recurring droughts experienced across the region since the early 2000s, coupled with more intense rainfall events, are forcing public authorities and private companies to consider “water risk” as a strategic variable in business planning, territorial development and long-term resilience. Droughts, floods, water scarcity and declining water quality are already disrupting production, logistics and sourcing, with impacts that can spread across entire value chains. As water-related risks become more material, companies face growing pressure to understand where water is used, which basins their value chains rely on, and how exposed they are to scarcity, pollution, competing uses, rising costs or stricter regulation.

These pressures are prompting companies and the business world more broadly to respond more actively through water stewardship, reuse, efficiency, basin protection and “water positive” approaches, supported by initiatives such as the CEO Water Mandate and the Water Resilience Coalition. Long-standing examples from companies such as Danone, AXA and Michelin in France, or OCP in Morocco, show that productive actors can invest in efficiency, reuse, regenerative practices, basin protection and more resilient supply chains.

More recently, digital companies and data-centre operators have also become more aware of their water dependencies. No sector is fully exempt: agriculture, industry, energy, fashion, cosmetics, tourism, food and beverage, and digital services all depend on water, directly or indirectly. This evolution is also being reinforced by modern disclosure frameworks and sustainability reporting requirements, including CDP, CSRD/ESRS E3 and IFRS/ISSB sustainability disclosure standards, which are changing how companies assess water-related risks, impacts and value-chain exposure, and how they use that information in business decisions.

Taken together, these developments point to a necessary shift from recognition to practice: making water dependencies visible, reducing water risk across value chains, and integrating the real value of water into business,

public policy and territorial decisions. Water footprint analysis provides a practical tool to identify where and how companies rely on water, including the hidden or “virtual” water embedded beyond their own operations and across their value chains. A broader understanding of the value of water gives this information strategic meaning, showing why water should be treated not simply as a utility cost, but as a factor in business continuity, competitiveness, ecosystem protection, territorial resilience and long-term Mediterranean water security.

2. KEY CHALLENGES AND OBJECTIVES

The Panel will explore how water footprint analysis, water risk and the broader “value of water” are reshaping business decisions, supply chains and industrial resilience across the Mediterranean. It aims to move the discussion beyond traditional water-sector debates and to show how water is becoming a strategic economic, business, and territorial issue for industry, fashion and luxury value chains, digital infrastructure and other water-dependent productive systems. In particular, the Panel will examine how hidden or “virtual” water can be made visible, how water-related risks can better inform corporate and public decision-making, how disclosure frameworks, sustainability reporting and environmental data can support risk assessment, and how companies and territories can move from awareness and disclosure towards supplier engagement, efficiency, basin resilience and practical cooperation.

The Panel will address these issues through three substantive challenges:

Challenge 1 • Hidden water in supply chains

Many companies focus on reducing water use within their own sites, while significant exposure often lies upstream, in suppliers, farms, raw materials and production basins where water-related risks may not yet be fully understood or managed. The Panel will address how water footprint analysis can help identify these hidden dependencies and support better decisions across value chains.

Challenge 2 • The undervaluation of water

Water is still often treated as a low-cost input or compliance issue, even where scarcity is acute. Unlike carbon, it is rarely valued internally in business decisions, while in many Mediterranean and MENA contexts tariffs, in many cases, do not fully reflect the cost of service. The challenge is to recognise water’s real economic, social and environmental value in ways that are fair, transparent and protective of vulnerable users.

Challenge 3 • Competing demands in stressed basins

Agriculture, energy, tourism, industry, food and beverage and other productive activities increasingly depend on the same water systems, often in territories already facing scarcity. Data centres and AI infrastructure add a new source of demand, while desalination and reuse can help but do not remove the need to manage trade-offs, costs and energy implications. The challenge is to move beyond sector-by-sector responses and assess business water use at basin level, where economic needs, ecosystems, communities and long-term territorial resilience are directly connected.

3. GUIDING QUESTIONS

Building on these challenges, the panel discussion may be guided by the following questions:

- What must change for governments, utilities and companies to treat water not only as an environmental or service issue, but as a strategic economic risk for the Mediterranean, and what policy and governance approaches are needed to support that shift?
- Why is water risk, including the hidden water embedded in supply chains, still less visible than energy or carbon in public and private decisions, and what changes once it becomes visible?
- In sectors such as industry, fashion and luxury value chains, digital infrastructure and other water-dependent productive systems, what would it take to move from water-efficiency commitments to basin-resilient business models, and should this become a condition for growth in water-stressed territories?

4. EXPECTED OUTCOMES

The Panel is expected to contribute to three main outcomes:

Outcome 1 • Water as a strategic economic and business issue

The Panel should help clarify how water can shape business and public decisions in practice when treated as a strategic economic factor rather than framed solely as an environmental, operational, or compliance concern. In particular, the discussion should explore how water-related risks in water-stressed Mediterranean territories are connected to supply chains, industrial resilience, competitiveness and long-term economic stability.

Outcome 2 • Water footprint as a tool for better decisions

The discussion should show how water footprint analysis can make direct and hidden water dependencies more visible across companies, suppliers, production processes and basins.

Greater visibility can help companies, utilities and territories identify risks, engage suppliers, improve efficiency, assess trade-offs and move towards more basin-resilient strategies.

Outcome 3 • From valuation to shared responsibility

The Panel should explore how a broader understanding of the value of water can support better business, public policy and territorial decisions without reducing water to a simple market price. Examples from companies and territories can help assess under what conditions investments in efficiency, reuse, discharge treatment and basin protection are viable over the medium and long term, while contributing to the preservation of water resources and protecting social equity.