

Water – a vital resource

We are conscious of our responsibility towards the environment, society and future generations. With a holistic approach, we are committed to underpinning our business with ethical principles as well as social and environmental responsibilities, thereby fostering sustainable and beneficial development. By doing so we create added value – for our stakeholder groups and for the environment.

Summary

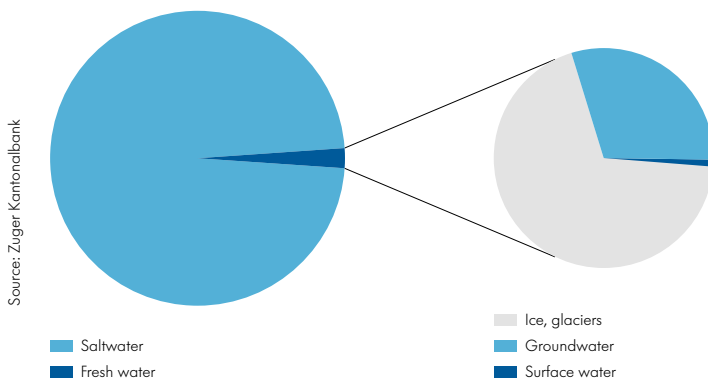
Drinking water is one of the most valuable resources. Without water, we could not exist. While supply is limited and, moreover, inequitably distributed, population growth is leading to rising demand. Other challenges are increasing water pollution and climate change.

About 70% of the Earth's surface is water. But we can only use about 0.025% directly. Prudent use of this resource is therefore absolutely essential.

Water supply

About 70% of the Earth's surface is water. At first sight, an estimated 1.4 billion km³ suggests there is more than enough water on our planet.¹ Statistically, that may be true. But when it comes to usability, the picture is quite different: 97.5% is salt water and only 2.5% is fresh, drinkable water. Moreover, almost 70% of this comparatively small proportion is ice, for example, the polar ice caps of the Arctic and Antarctic, while about 30% of the fresh water supply is groundwater in the interior of the Earth. Therefore, only a very small amount of about 0.5 to 1% is surface water available for people, animals and plants.

Global supply of water: not as massive as it seems



¹ 1 km³ corresponds to 1 billion litres of water

Water consumption

Based on estimates by the UN, agriculture accounts for about 63% of global fresh water consumption. Above all, this is used for irrigation because nearly half of the world's food is grown in areas where crops have to be watered. Industry accounts for about a quarter: in addition to energy generation, it uses water for cooling, cleaning and as a solvent. Finally, private consumption (drinking, cooking, sanitary purposes, etc.) accounts for about 12%. These figures are global averages. Regionally, there are enormous variations.

Water consumption in Switzerland

Water consumption in Switzerland has decreased significantly in the past 40 years. According to the latest calculations, each Swiss inhabitant uses 142 litres of drinking water a day in their own home. Taking into account consumption at work, during leisure activities and on holiday, daily consumption rises to an average of 163 litres per person. Total drinking water consumption in Switzerland, including industry and agriculture, is around 290 litres per person per day.

Population growth

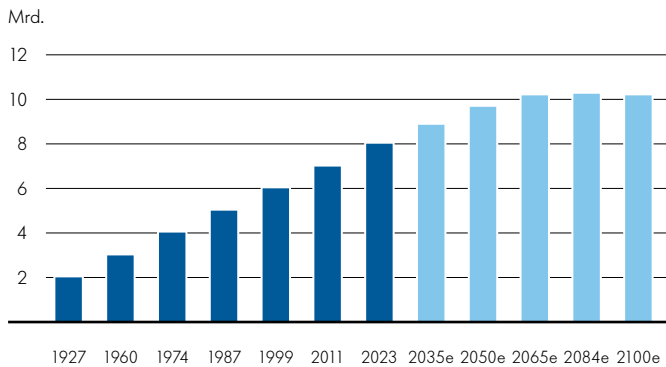
Fresh water is a resource that regenerates constantly within a cycle. In principle, the amount available in the world can therefore be considered stable. At the same time, the global population is continuing to grow. There are now around 8.2 billion people on our planet. At the turn of the millennium, there were 6 billion and in 1960 just 3 billion. The UN estimates that the global population will reach 10.3 billion in 60 years, an increase of 25% from today's level. Given the extremely inequitable availability of water, that means pressure will increase on regions that are already suffering, affecting an estimated 2.4 billion people, mainly in parts of Africa and South-East Asia.

Rising demand

Worldwide, water consumption is rising by about 1% a year, partly due to population growth. According to the World Bank, global demand for water is set to increase by a further 20–30% by 2050. That affects all areas of consumption – agriculture, industry and private households – although not to the same extent. The UN estimates that the change is likely to be more moderate in agriculture than in the other two areas. For example, private consumption is influenced by progressive global urbanisation, which is increasing demand for water in cities. As a result, more and more water is being diverted from rural to urban areas. According to the World Bank, about a quarter of the world's cities currently suffer from unreliable water supply. In view of this situation, demand for water could increase by well over 50% in the next three decades.

World population

Source: UNO, World Population Prospects 2024



UN Sustainable Development Goal SDG 6

Access to clean water and sanitation remains one of today's major challenges. According to the UN, 2.2 billion people – more than a quarter of the world's population – do not have regular access to drinking water. 3.5 billion people do not have adequate sanitation. However, water is a key factor for all aspects of social, economic and ecological development. These points are therefore enshrined in Sustainable Development Goal (SDG) no. 6: Clean water and sanitation. As well as access to drinking water, sanitary facilities and hygiene, targets include protecting and restoring water-related ecosystems (including mountains, forests, wetlands, rivers and lakes). Water quality needs to be improved and pollution by hazardous chemicals reduced. To ensure integrated water resources management at all levels, transboundary cooperation needs to be encouraged.

What does this mean for investors?

Since water is essential for life, it occupies a central place in our perception. This is heightened by the increasing shortage of water. From an investment viewpoint, companies that address the various related aspects and challenges (water supply, water treatment, etc.) stand to benefit. For further information on investment solutions, please contact your Zuger Kantonalbank advisor.

Publications

Other publications on the subject of ESG can be found on our web page www.zugerkb.ch/en/esg.

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