


|  Governance & Management | | |
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| Category/Indicator | Scoring Guidance | Total Points |
| 1. Charges board members and senior executives with oversight of water-related issues | | |
| 1.1 Board Oversight Board or board committee has oversight over sustainability (1 point) OR explicit oversight over water-related issues (3 points); AND/OR is regularly briefed by management on water-related issues (3 points) | Company's board committee has a charter that references "sustainability," "environment" or "water". "Regularly briefed" means that the board is briefed by management on water issues at least once a year. | 6 |
| 1.2 Senior Executive Oversight The individual with the highest level of direct responsibility for water-related issues reports directly to a member of the Executive Management Committee (3 points), OR the individual with the highest level of direct responsibility for water-related issues reports to the CEO (6 points) | | 6 |
| 1.3 Executive Compensation The individual with the highest level of direct responsibility for water-related issues reports directly to a member of the Executive Management Committee (3 points), OR the individual with the highest level of direct responsibility for water-related issues reports to the CEO (6 points) | Link to pay or incentive compensation is considered explicit if there is an explicit reference to water goals or the company's broader water strategy and implicit if there is a clear link from sustainability performance to water goals (e.g., performance tied to progress against sustainability strategy which includes a strong water component). Partial and full credit is only given in examples where compensation applies to senior executives, such as the CEO, CFO, Chief Sustainability Officer, SVP of Supply Chain. | 5 |
| 2. Considers water in strategy and operations | | |
| 2.1 Business Planning Considers water in major business planning activities and investment-decision making | Business planning activities and investment decisions include, among others: acquisitions, capital investments, siting of facilities, contracts with major suppliers, evidence of substantive diversification of product line away from water intensive inputs and product development and design. Specific examples include: due diligence for key water performance indicators required for all acquisitions, contracts and capital investments over a certain amount, as well as scenarios where a company has decided to relocate a facility, source a new product, or switch suppliers because of water risks identified. | 2 |
| 2.2 Translates Water Risk into Financial Terms Uses methods or tools to translate water risk into financial terms (2 points) AND discloses methods and results (1 point) | Examples that would count towards this sub-indicator include approaches or tools that help a company understand the company's water-related financial risk exposure or revenue/value at risk. To analyze this, companies can use a shadow price, "full value accounting," "true value," or well-founded value of water, in addition to a range of different tools such as: Ecolab's Water Risk Monetizer, Veolia's Trucost of Water tool, Water Risk Filter's Water Risk Valuation Module, or equivalent internal tools. | 3 |
| 2.3 Policy to Guide Procurement Function Has a policy or code that guides procurement decisions with respect to water-related issues and risks, and is integrated into the procurement process | The policy can be part of a larger procurement policy or supplier code, or can be a separate procurement code that focuses specifically on water and sustainable agriculture. It must be directed at the internal procurement team, guide procurement leads in implementing company water management practices, and seek to ensure that existing water policies and goals align with procurement sourcing strategies an practices. | 3 |



Direct Operations

| Category/Indicator | Scoring Guidance | Total Points |
|--|---|--------------|
| 3. Reports data on water use and discharge in direct operations | | |
| 3.1 Water Withdrawals - Total Volume | | 0.5 |
| 3.2 Water Withdrawals - Withdrawals by Source | | 0.5 |
| 3.3 Water Consumption - Total Volume | | 0.5 |
| 3.4 Water Discharge - Total Volume | | 0.5 |
| 3.5 Water Discharges - Volume by Destination | | 0.5 |
| 3.6 Water Discharge Quality Data - by Standard Effluent Parameters | | 0.5 |
| 3.7 Some Data are Contextualized or Differentiated by Risk | For companies that have set risk-differentiated water targets (i.e. more ambitious targets for higher risk areas) or are using a context-based target approach for water (i.e. modeled after science-based targets for carbon), data for high risk areas and locally relevant context-based data is disclosed separately and not just as a part of aggregate water accounting data. | 1 |
| 3.8 Data are Externally Verified | Verification by an external third party is conducted for at least one of the water accounting sub-indicators. | 1 |
| 4. Assesses water risks facing direct operations | | |
| 4.1 Analysis of Watershed Conditions Uses third-party tools or data sets (or equivalent internal tools) to identify facilities located in watersheds identified as water stressed (inclusive of water scarcity & quality) (2 Points) AND to identify facilities in watersheds facing a broader set of risk factors such as impaired ecosystems or water quality, regulations, economic water scarcity, weak socioeconomic conditions/water access, etc. (2 points) | To get all available points for this sub-indicator, the company must make it clear that they have not just evaluated water scarcity risks facing direct operations, but have evaluated a broader set of risk factors, such as: impaired ecosystems, water quality, regulations, economic water scarcity, weak socioeconomic conditions/water access, etc. Some third party tools & methodologies that companies use to analyze watershed conditions include: WBCSD Global Water Tool, GEMI's Global/Local Water Tool, WRI's Aqueduct, WWF/DEG's Water Risk Filter, Maplecroft water risk data, and USGS Sparrow Surface Water Quality Monitoring. Many of the tools listed above have both a water stress/scarcity overlay and other data sets. | 4 |
| 4.2 Analysis of Facility Impacts Uses data to evaluate the ecological and social/community impacts of facility water use and wastewater discharge | Companies can assess facility impacts in a variety of ways, including using data on watershed balances, ecosystems health, and the socioeconomic well-being and water access of surrounding communities. | 3 |
| 4.3 Analysis of Future Conditions Takes into consideration potential future changes in water availability, quality, regulations, climate change, demand/competition, ecosystem and habitats, stakeholder concerns and impacts on local communities | | 2 |
| 5. Sets standards and goals for direct operations on water use, discharge and impacts on watersheds | | |
| 5.1 Targets to Reduce Water Use Has targets for reducing water withdrawals/consumption at a company-wide level (2 points); AND uses a risk-differentiated or context-based approach to set water withdrawal/consumption targets (2 points) | "Company-wide" targets should apply to all "significant" direct operations, which includes facilities across all business units, geographies or facility types that use significant water volumes. A "risk-differentiated" approach is one where there are more aggressive targets for higher risk facilities/regions. (e.g. 25% improvement in water use efficiency in facilities deemed "high risk" vs. 15% improvement target for all other facilities). A context-based approach is one where a company takes into account not just how much water they are using, but then balances this use with the availability and quality of water at a regional level. | 4 |



Direct Operations

| Category/Indicator | Scoring Guidance | Total Points |
|--|--|--------------|
| 5. Sets standards and goals for direct operations on water use, discharge and impacts on watersheds | | |
| 5.2 Wastewater Discharge Standard Has a goal or standard to ensure that all wastewater meets a global wastewater loading performance standard that exceeds what is required for regulatory compliance | A company must have a company-wide goal to ensure that all wastewater meets a global wastewater loading performance standard. Voluntary wastewater discharge standards should set a maximum concentration for key contaminants that must be met by all significant facilities except in cases where more stringent regulatory standards apply. | 3 |
| 5.3 Watershed Protection Plan Has developed a watershed protection plan or strategy for key watersheds identified as high risk which includes plans to support projects that improve conditions for the watershed in collaboration with key local stakeholders | "Plan" or "strategy" should include involvement in collaborative efforts to improve the conditions of rivers, lakes, groundwater and related ecosystems that the facility depends on and are identified as high-risk. This could include activities such as river restoration projects, reforestation of stream buffers and aquifer replenishment. Watershed protection plans should be linked to areas of risk, and typically encompass more than a one-off project in a single location. | 2 |



Manufacturing Supply Chain

| Category/Indicator | Scoring Guidance | Total Points |
|---|---|--------------|
| 6. Assesses water risks facing manufacturing suppliers | | |
| 6.1 Analysis of Watershed Conditions Uses third-party tools or data sets (or equivalent internal tools) to identify all significant supplier manufacturing facilities located in watersheds identified as water scarce or stressed (1 point); AND to identify supplier facilities in watersheds facing a broader set of risk factors such as impaired ecosystems or water quality, regulations, economic water scarcity, and weak socioeconomic conditions/water access (1 point) | Third party tools & methodologies that companies use to analyze watershed conditions include: WBCSD's Global Water Tool, GEMI's Global/Local Water Tool, WRI's Aqueduct, WWF/DEG's Water Risk Filter, Maplecroft water risk data, and USGS Sparrow Surface Water Quality Monitoring. Many of the tools listed above have both a water scarcity/quality overlay and other data sets. | 2 |
| 6.2 Analysis of Supplier Performance The company uses information on significant manufacturing suppliers' water use, wastewater discharge and/or management practices to identify supplier facilities with higher environmental or social impacts | Direct forms of data collection could include the use of custom supplier surveys or gathering data from suppliers via sustainability reports, CDP Supply Chain or Sedex. Indirect data collection could entail the use of life-cycle analysis or similar methodologies to estimate general water use and wastewater discharge of specific manufacturing processes or facilities. | 1 |
| 6.3 Analysis of Future Conditions Takes into consideration potential future changes in water availability, quality, regulations, climate change, demand/competition, ecosystem health, stakeholder concerns and impacts on local communities for all significant supplier | | 1 |
| 7. Has policies and programs to encourage manufacturing suppliers to improve water and wastewater measurement, management and reporting | | |
| 7.1 Supplier Policy Has a publicly available supplier policy that communicates expectations that manufacturing suppliers maintain regulatory compliance (1 point); AND go beyond compliance (1 point) | A supplier policy or code can be embedded in a larger company policy/code of ethics or can be a stand-alone policy, as long as the policy communicates a clear expectation that suppliers maintain environmental regulatory compliance. For beyond compliance, the policy can be specific to water or can include water as one of a range of different areas where continuous improvement is expected. | 2 |
| 7.2 Collects Data from Manufacturing Suppliers Asks significant manufacturing suppliers to report on water use, discharge and management practices | Companies may ask suppliers to report data through various tools, including CDP Supply Chain, Sedex, or custom supplier surveys. "Significant" suppliers include those that supply a substantial portion of total inputs for production and/or are crucial to operations and cannot be easily substituted. | 2 |
| 7.3 Water Management Program Requires direct manufacturing suppliers to have their own water management program that goes beyond compliance and that imposes comparable standards on their own suppliers | | 2 |
| 7.4 Watershed Protection Plan Has developed a watershed protection plan or strategy for key watersheds identified as high risk which includes plans to support projects that improve conditions for the watershed in collaboration with key local stakeholders | "Plan" or "strategy" should include involvement in collaborative efforts to improve the conditions of rivers, lakes, groundwater and related ecosystems that the suppliers facility depends on and are identified as high-risk. This could include activities such as river restoration projects, reforestation of stream buffers, aquifer replenishment. Watershed protection plans should be linked to areas of risk, and typically encompass more than a one-off project in a single location. | 2 |

|  Manufacturing Supply Chain | | |
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| Category/Indicator | Scoring Guidance | Total Points |
| 8. Supports and incentivizes manufacturing suppliers to strengthen water management practices | | |
| 8.1 Educational Support Provides educational resources or advising to manufacturing suppliers to strengthen water management | Educational resources can include trainings or supplier educational summits, access to free technology or water audits, and advising/consulting services from customers. | 1 |
| 8.2 Direct Financial Incentives Provides direct financial incentives to suppliers to encourage stronger water management | Direct financial incentives can include scenarios where a premium is paid for high performance, baseline performance levels are a requirement for getting or renewing contracts, contracts are made more favorable in some way to the supplier (larger or longer-term), and favorable financing terms are available for equipment or IT solutions. | 1 |
| 8.3 Indirect Financial Incentives Provides indirect financial support to suppliers to encourage stronger water management | Indirect financial incentives can include scenarios where a company provides financial support to on-the-ground nonprofit organizations, government agencies, or industry associations, which in turn provide financial or advising support to improve water management by suppliers. | 1 |

 Agricultural Supply Chain

| Category/Indicator | Scoring Guidance | Total Points |
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| 9. Assesses water-related risks facing key | | |
| <p>9.1 Analysis of Watershed Conditions Uses third-party tools or data sets (or equivalent internal tools) to identify major agricultural inputs or agricultural sourcing regions in watersheds identified as water scarce or stressed for at least one commodity or location (1 point), OR as a part of a more structured and comprehensive approach (4 points)</p> | <p>Companies are eligible for partial credit if they have completed an initial analysis for at least one commodity. Full credit is given for companies that use a more structured and comprehensive approach covering the majority of major agricultural inputs or sourcing regions facing a broader set of risk factors.</p> <p>Sourcing regions could refer to a specific, smaller region or watershed, or to a larger geographic region. To get all available points for this sub-indicator, the company must make it clear that they have not just evaluated water scarcity risks facing major agricultural sourcing regions in watersheds identified as water scarce or stressed, but have evaluated a broader set of risk factors such as: impaired ecosystems, water quality, regulations, economic water scarcity, weak socioeconomic conditions/water access, etc. Some third party tools & methodologies that companies use to analyze watershed conditions include: WBCSD's Global Water Tool, GEMI's Global/Local Water Tool, WRI's Aqueduct, WWF/DEG's Water Risk Filter, Maplecroft water risk data, and USGS Sparrow Surface Water Quality Monitoring. Many of the tools listed above have both a water scarcity/quality overlay and other data sets.</p> | 4 |
| <p>9.2 Characterization of Water Demands and Pollution Impacts Gathers data on the relative water requirements and impacts typically associated with the production of at least one commodity or location (2 points) OR as a part of a more structured and comprehensive approach to assess all major agricultural inputs (3 points)</p> | <p>Data can be collected in a variety of ways, including through review of academic literature or government data, by conducting water footprint analyses of crops, by getting advice/information through outside consultants or NGOs, or by directly surveying agricultural producers. Impacts analyzed may include crop dependence on rainfall vs. irrigation, water pollution impacts such as erosion and sedimentation, runoff/groundwater infiltration of chemical fertilizers, manure, pesticides, and insecticides or herbicides.</p> <p>"Major agricultural inputs" are commodities that make up a significant portion of agricultural inputs purchased by the company.</p> | 3 |
| <p>9.3 Analysis of Future Conditions Takes into consideration current and potential future changes in water availability, quality, regulations, climate change, demand/competition, ecosystem health, stakeholder concerns and impacts on local communities for key commodities and/or agricultural sourcing regions</p> | | 1 |
| 10. Has policies and programs to encourage agricultural producers in their supply chain to measure, manage and report their water use | | |
| <p>10.1 Sustainable Agriculture Policy Has a sustainable agriculture policy that explicitly references water risk (2 points); AND defines principles of sustainable agricultural sourcing (2 points)</p> | <p>At a minimum, policies will explicitly reference "water" or "water risk." Ideally, policies will include a majority of key water criteria: improving irrigation water efficiency, decreasing runoff and protecting water quality (through buffers, timing of fertilizer application and irrigation), improving nutrient and manure management practices, decreasing use of pesticides (through use of bio fertilizers, altering application techniques, increasing fertilizer application efficiency rate, etc.), maintaining and improving soil quality and protecting soil biodiversity.</p> | 4 |

 Agricultural Supply Chain

| Category/Indicator | Scoring Guidance | Total Points |
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| 10. Has policies and programs to encourage agricultural producers in their supply chain to measure, manage and report their water use | | |
| 10.2 Time-bound Goals for Agricultural Sourcing Has set time-bound goals to source some (2 points) OR all (4 points) key agricultural inputs more sustainably | "Key agricultural inputs" are commodities that are documented to have high water impacts (in terms of quantity and/or quality), make up a significant portion of the agricultural inputs purchased by the company (top 5 agricultural inputs by spend or 50% of spend if more than 5 commodities), or are considered material to the business. "Some" is at least 1 time-bound goal set for at least 1 significant agricultural input. | 4 |
| 10.3 Employs Metrics-based Platforms and Standards Employs recognized industry best practice metric-based platforms or standards to achieve sustainable sourcing compliance for at least one key commodity (1 point); OR uses at least one certification/platform to measure progress against at least one time-bound sustainable sourcing goal (2 points); OR uses certifications/platforms to measure progress against sustainable sourcing goals for at least 50% of key agricultural inputs (4 points) | Recognized platforms/standards include Field to Market, Sustainable Agriculture Initiative, Alliance for Water Stewardship, Bonsucro, GlobalGAP, Organic, ProTerra, Rainforest Alliance, Roundtable on Sustainable Biomaterials, Roundtable on Sustainable Palm Oil, Roundtable on Responsible Soy, Stewardship Index for Specialty Crops, Sustainable Rice Platform and UTZ or robust internal company certification/standard. <i>In order to get credit credit for the 2nd or 3rd tier for this sub-indicator, a company needs to have corresponding sustainable sourcing goals (10.2) for "key agricultural input(s)" referenced.</i> | 4 |
| 10.4 Gathers Data from Producers Directly or indirectly surveys/audits some (1 point), OR more than 50% (2 points), OR all (4 points) producers on their farming practices | Companies can gather data from producers indirectly through their suppliers, or through audits, third-party databases and tools, custom surveys or IT tools developed by companies and provided to growers to aid them in managing their water management practices. | 4 |
| 10.5 Watershed Protection Plan Has developed a watershed protection plan or strategy for key watersheds identified as high risk which includes plans to support projects that improve conditions for the watershed in collaboration with key local stakeholders | "Plan" or "strategy" should include involvement in collaborative efforts to improve the conditions of rivers, lakes, groundwater and related ecosystems that the suppliers facility depends on and are identified as high-risk. This could include activities such as river restoration projects, reforestation of stream buffers, aquifer replenishment. Watershed protection plans should be linked to areas of risk, and typically encompass more than a one-off project in a single location. | 3 |
| 11. Supports and incentivizes agricultural producers in the supply chain to strengthen water management practices | | |
| 11.1 Educational Support Provides educational or agronomic resources to producers to encourage adoption of practices that reduce impacts and dependence on water | This can include hosting trainings or field days, free advising and resources from on-staff agronomists or sustainable agriculture experts. | 2 |
| 11.2 Direct Financial Incentives Provides direct financial incentives to producers to encourage adoption of practices that reduce impacts and dependence on water for some agricultural suppliers (2 points) OR for at least 50% of suppliers (4 points) | Direct financial incentives for growers can include scenarios where contracts are made more favorable in some way to the producer (larger or longer-term); a premium is paid to producers, favorable financing terms or interest-free loans are offered for equipment or IT solutions, or financial guarantees (type of insurance) or purchase guarantees are offered to producers who take the risk of trying new farming practices. | 4 |
| 11.3 Indirect Financial Incentives Provides indirect financial support to producers to encourage adoption of practices that reduce impacts and dependence on water | Indirect financial incentives can include scenarios where a company provides financial support to on-the-ground nonprofit organizations or government agencies/resource conservation districts, which in turn provide agronomic and environmental educational resources, financial incentives or other forms of support to producers to encourage different farming practices. | 2 |