
CDP Water Security Scoring Category Weightings 2024



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Water Security 2024: Summary of scoring methodology categories and weightings

This document outlines the 2024 Water Security weightings that will be applied to the 2024 scoring categories for companies responding to CDP's 2024 Full Corporate questionnaire - Water Security. Please refer to the weightings summary sheet for the sector specific or general questionnaire that your company is responding to. It is recommended that the 2024 Scoring Introduction document is read in advance of reading the weighting 'summary sheets'. For a breakdown of which questions fall into which scoring category please refer to the Water Security 2024 Scoring Category Mapping Document.

Scoring categories are groupings of questions by topic. They are sub-groups of the 2024 Full Corporate questionnaire modules and are consistent across all sectors. Weightings are applied to scoring categories at Management and Leadership levels only. Weightings reflect the relative importance of each category in an organization's progression towards environmental stewardship, within the boundaries of the CDP questionnaire and are available scoring criteria. As such, the weighting applied to each category varies across sectors to highlight the areas most important to environmental stewardship in specific sectors.

Water Security 2024: Scoring Categories

There are 13 categories in the Financial Services 2024 Full Corporate Questionnaire – Water Security, and 14 in all other sectors. The scoring categories in 2024 are as follows:

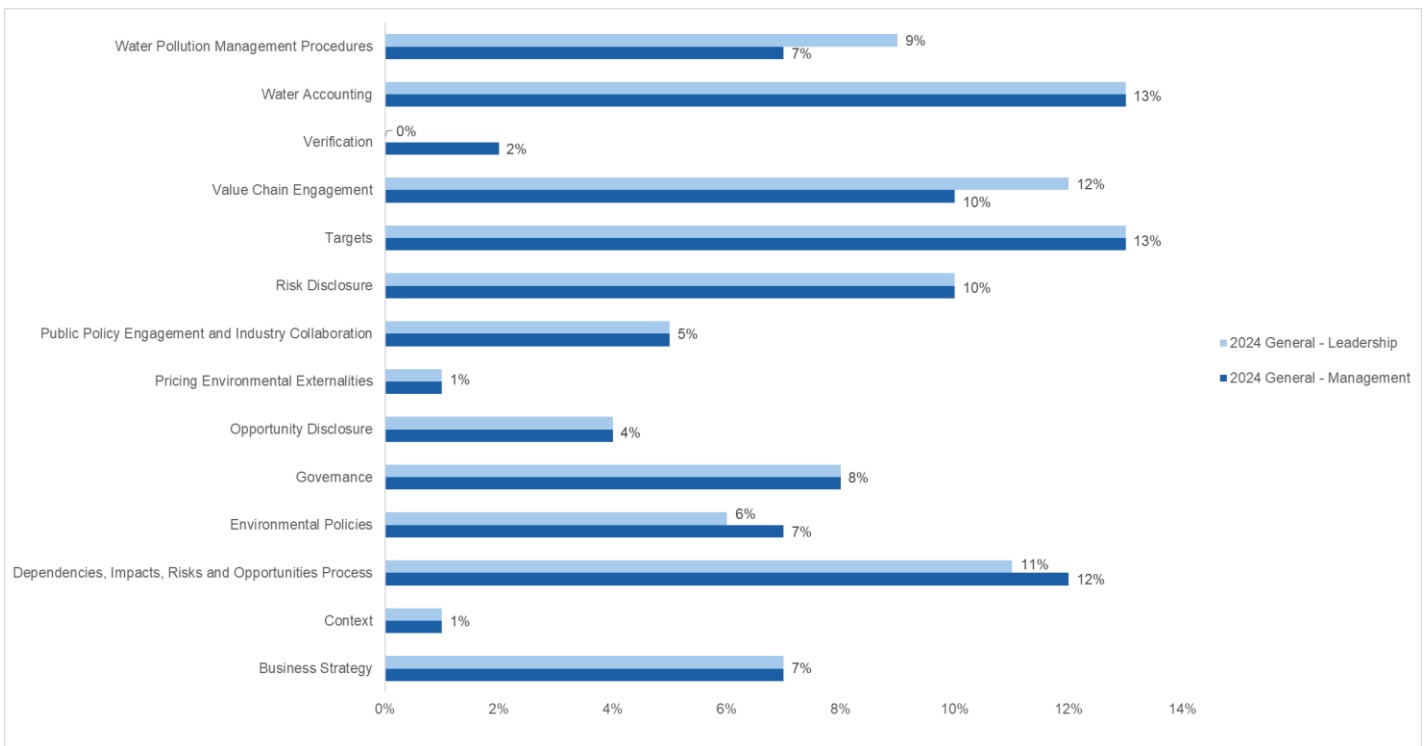
Business strategy	Public policy engagement and industry collaboration
Context	Risk disclosure
Dependencies, Impacts, Risks and Opportunities Process	Value chain engagement
Environmental policies	Verification
Governance	Water accounting [Not applicable to FS sector]
Opportunity disclosure	Water pollution management procedures [Not applicable to FS sector]
Portfolio impact [FS sector only]	Targets
Pricing environmental externalities	

The integration of environmental issues in the 2024 corporate questionnaire has led to the following changes:

- 2023 category 'Water Risk Assessment' has been renamed to 'Dependencies, Impacts, Risks and Opportunities Process'
- 2023 category 'Water-related opportunities' has been renamed 'Opportunity Disclosure'
- 2023 category 'Water Policies' has been renamed 'Environmental Policies'
- 2023 categories 'Business impacts' and 'Water-related risks exposure & response' have been incorporated into 'Risk Disclosure'
- Categories 'Pricing Environmental Externalities' and 'Public policy engagement and industry collaboration' are new in 2024
- 2023 category '100% Disclosure' has been removed.
- The 'Portfolio Impact' category has been added for 2024 but only applies to Financial service organizations.
- The 'Water Accounting' and 'Water Pollution Management Procedures' categories are not applied to Financial Service sector companies.

Scoring categories and weightings: Water Security - General

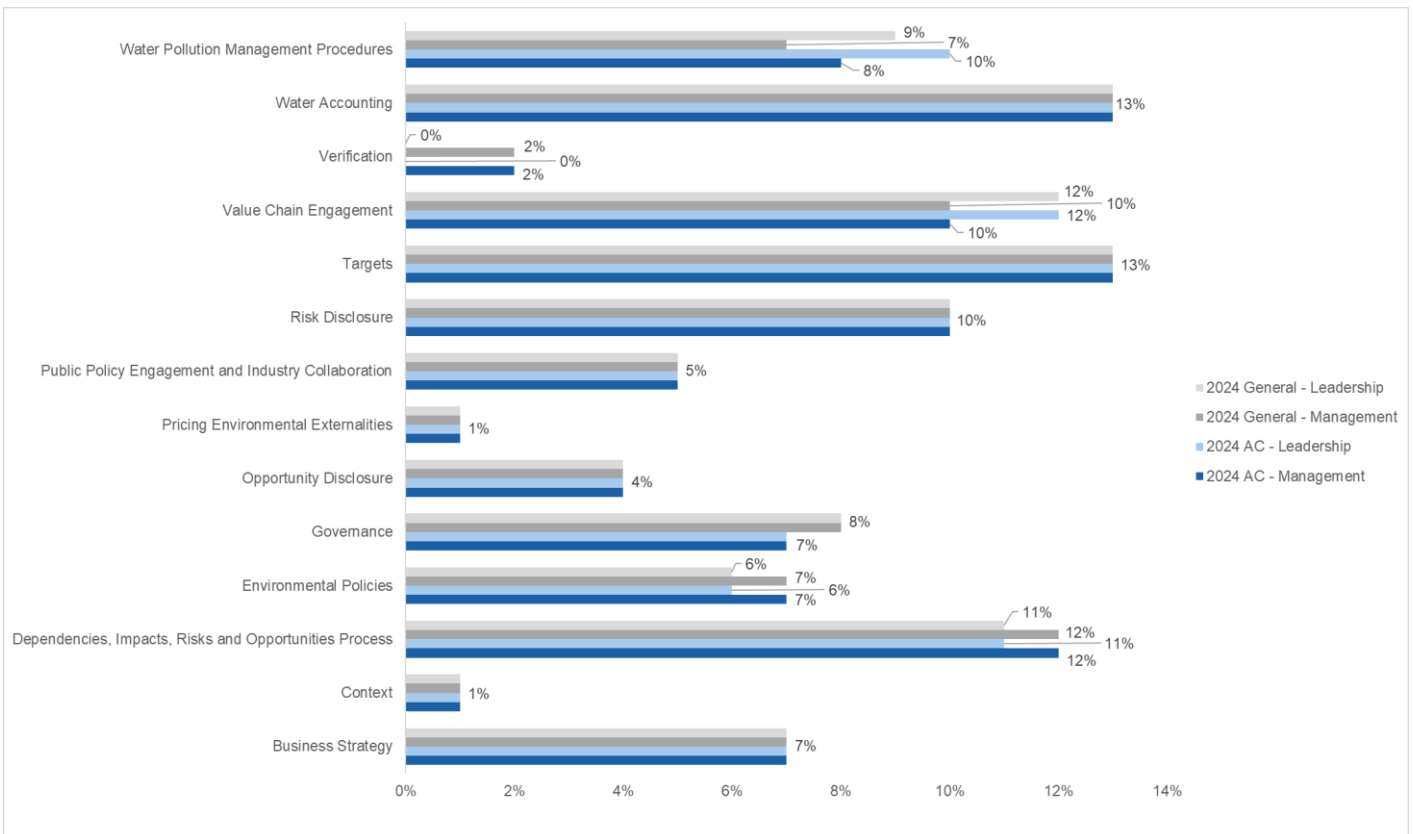
There are 14 categories in CDP's Full Corporate Scoring Methodology for Water Security – General, the weightings of which reflect the importance of many different areas of action that are vital for organizations in achieving water stewardship. For instance, demonstrating progress towards meeting time-bound, measurable targets, which are aligned with global environmental treaties and frameworks, can demonstrate an organization's commitment to managing water-related issues at the basin level, considering specific localized issues. Correspondingly, 'Targets' is one of the highest weighted categories. 'Water Accounting' is vital to illustrate that an organization is monitoring and tracking progress in all facets of water security; reducing consumption and withdrawals from water-stressed areas, as well as monitoring emissions of substances to water to protect vital water bodies against pollution. In recognition of this, 'Water Accounting' remains one of the highest weighted categories. Evaluating exposure to water-related risks and opportunities over a range of time horizons allows for the development of strategies that achieve a water secure future in line with the Sustainable Development Goals. 'Dependencies, Impacts, Risks and Opportunities process' focuses on identifying, assessing, and responding to water-related risks and opportunities as well as dependencies and impacts, which are newly introduced to the questionnaire for 2024. 'Value Chain Engagement' remains heavily weighted to highlight the importance of holistically addressing your organization's impact beyond an organizations direct operations.



The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the General 2024 Full Corporate Scoring Methodology – Water Security.

Scoring categories and weightings: Water Security – Agricultural Commodities

Activities in the Agricultural Commodities sector include crop farming, fish & animal farming, and other types of agricultural production, e.g. cotton, sugar, and tea. Risks associated with the Agricultural Commodities sector include increasingly unpredictable weather patterns and increasing demand, exacerbating stress on water resources. Application of fertilizers and pesticides can lead to chemical run-offs, polluting waterways and contaminating groundwater. As such, there is increased weighting on the 'Water Pollution Management Procedures' category. The production of fertilizers and animal feeds requires a large amount of water, meaning the supply chain of the Agricultural commodities sector is water intensive. The importance of the supply chain is reflected by the highly weighted 'Value-chain engagement' category at Leadership level for the Agricultural commodities sector mirroring the General sector weightings. Target setting provides direction and structure to environmental strategy and demonstrate commitment to water management at a corporate level. Water Accounting is vital to illustrate that your organization is monitoring and tracking progress in all facets of water security. In recognition of this, these two categories remain the highest weighted in the Agricultural commodity sector.

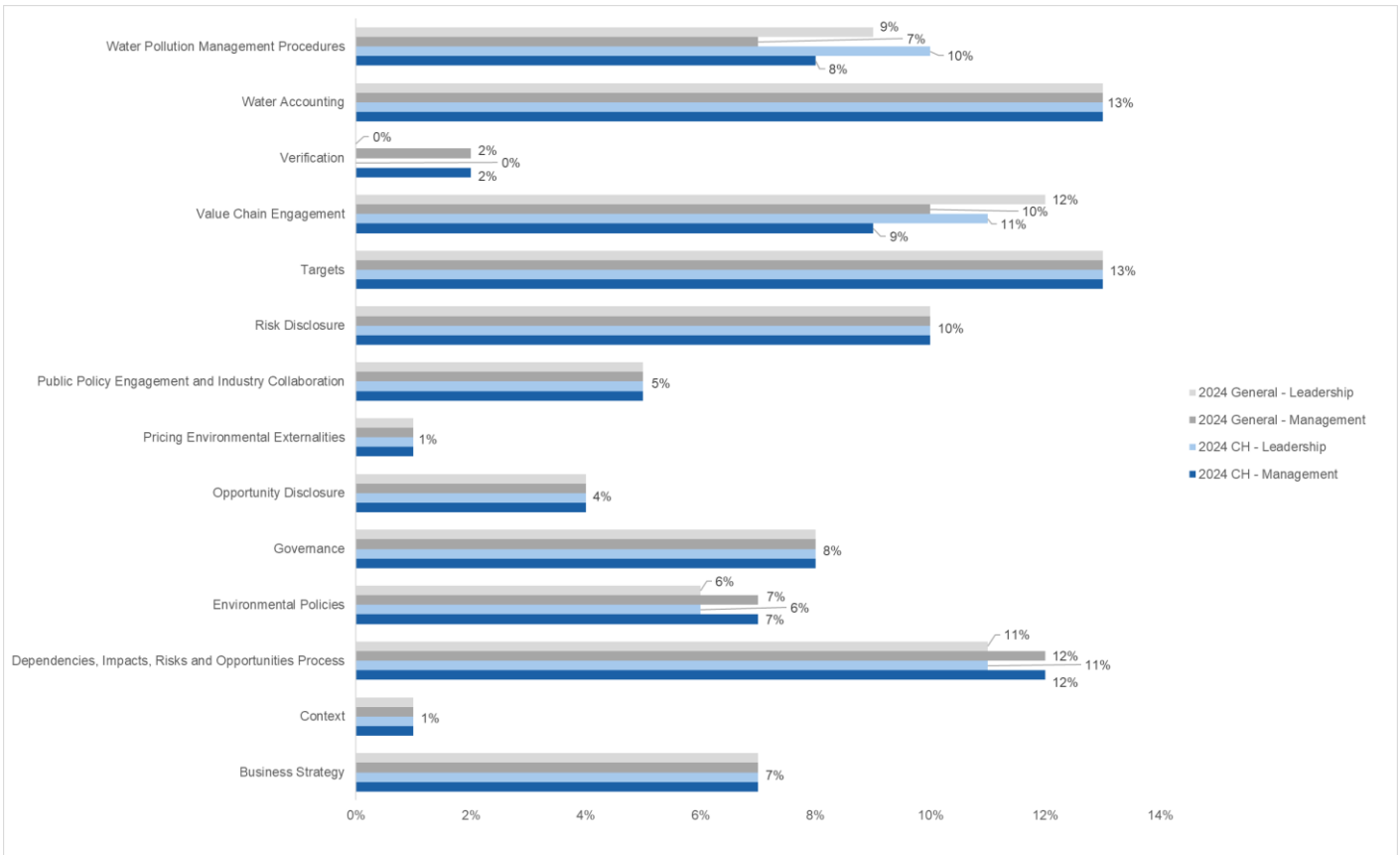


The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the Agricultural commodities and General 2024 Full Corporate Scoring Methodology – Water Security.

Scoring categories and weightings: Water Security – Chemical

Within the Chemical sector, water is used primarily for cooling purposes, but also as a raw material in cleaning and transport, as a solvent, and as part of final products. Chemical production is frequently water-intensive and monitoring water intensity metrics encourages organizations to improve efficiency and identify opportunities for the reduction in water withdrawals or consumption. This is vital given the challenges the industry faces with water scarcity. Hazardous chemicals associated with feedstocks, wastes, or products in this sector often pose critical water pollution risks. This is reflected by the higher weighted 'Water Pollution Management Procedures' category for the Chemical sector.

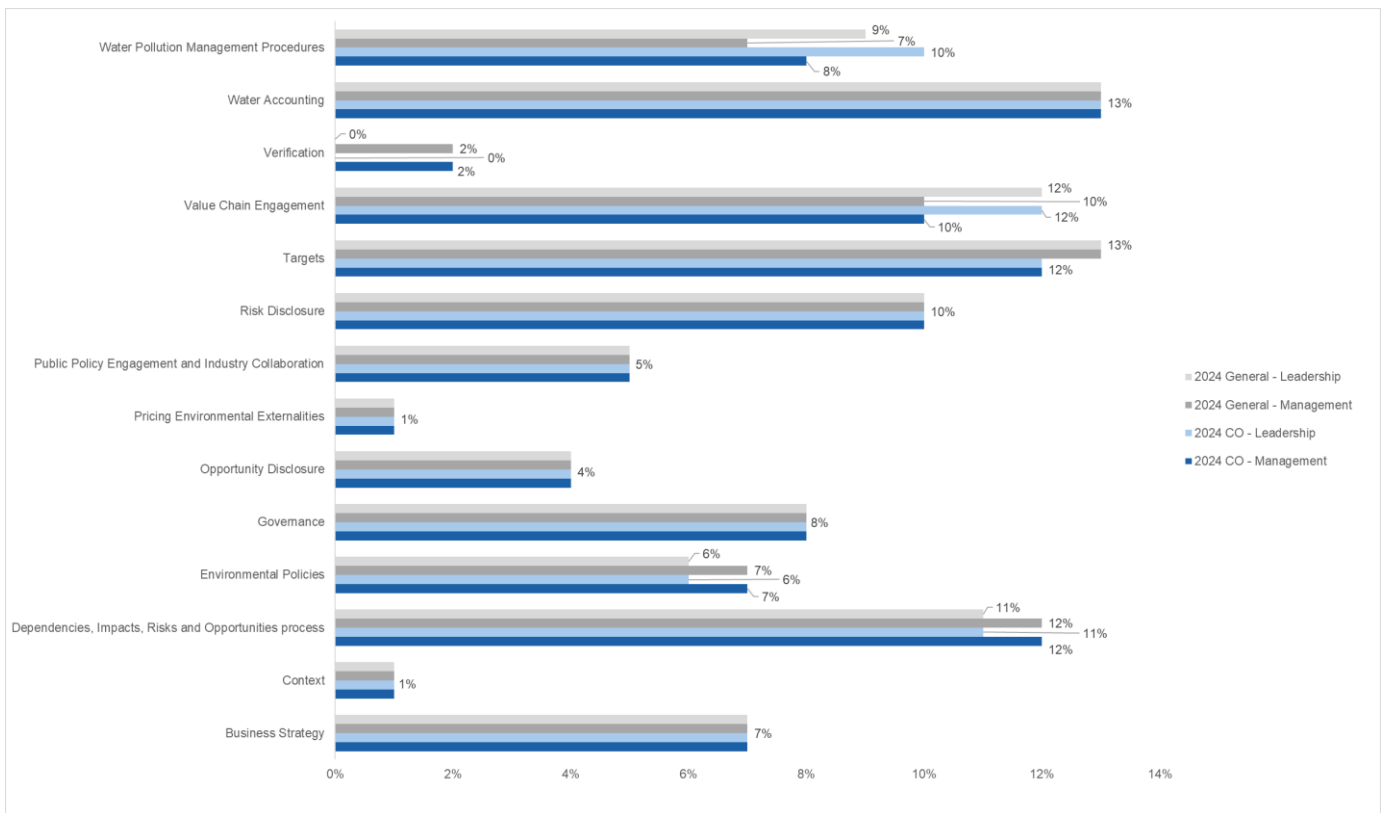
Target setting provides direction and structure to environmental strategy and demonstrate commitment to water management at a corporate level. 'Water Accounting' is vital to illustrate that an organization is monitoring and tracking progress in all facets of water security. In recognition of this, these two categories remain the highest weighted in the Chemical sector.



The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the Chemicals and General 2024 Full Corporate Scoring Methodology – Water Security.

Scoring categories and weightings: Water Security - Coal

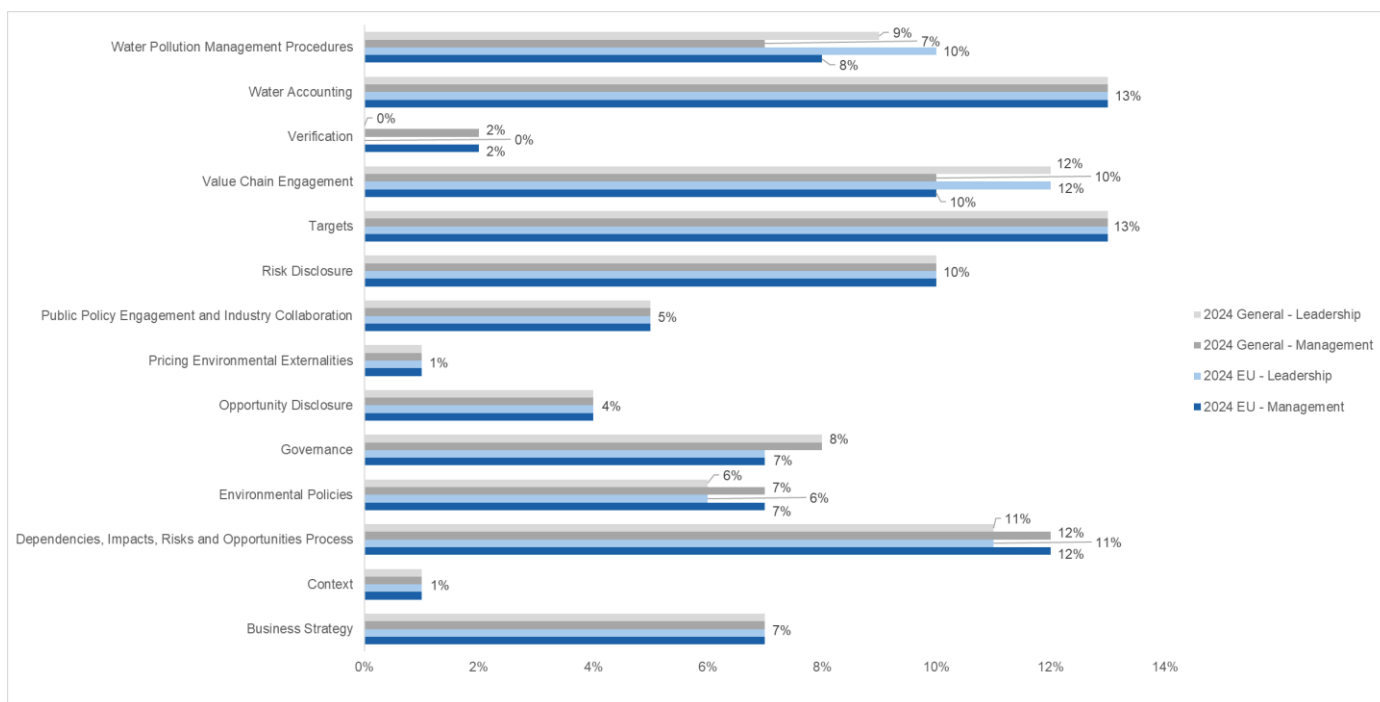
Coal mining depends on and produces large volumes of water, and the resulting tailings dams are a key environmental risk for this sector requiring strong management procedures. Tailings dam failures and toxic spills can lead to long-lasting impacts on human health and downstream riverine ecosystems. Water is essential for extracting, washing and transporting coal. Additionally, coal is one of the most-water intensive methods of generating electricity. Monitoring water intensity metrics encourages organizations to improve efficiency and identify opportunities for the reduction in water withdrawals or consumption. Given the significant potential for pollution, the 'Water Pollution Management Procedures' category is weighted more heavily for the Coal sector. Target setting provides direction and structure to environmental strategy and demonstrates commitment to water management at a corporate level. Water accounting is vital to illustrate that an organization is monitoring and tracking progress in all facets of water security. In recognition of this, these two categories remain the highest weighted.



The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the Coal and General 2024 Full Corporate Scoring Methodology – Water Security.

Scoring categories and weightings: Water Security - Electrical utilities

Activities in the Electric Utilities sector include electricity generation, transmission, distribution, and retailing. The activity most significant for water risks and impacts is power generation. This sector is heavily dependent on water for cooling; and for electricity generation itself in the case of hydropower. For this reason, plants are often located near bodies of water and organizations rely on access to these resources for the success of their business. The most pressing issues for the sector relate to the impacts of business activities on the hydrological cycle and thermal pollution. Specific forms of water pollution for some fuel types also expose organizations to risks, such as radiation or hydrocarbon contamination. As a result, the category 'Water Pollution Management Process' is weighted heavier than for general organizations. Robust water risk assessment procedures are critical given the long-term nature of investments in the sector. Monitoring water intensity metrics encourages organizations to improve efficiency and identify opportunities for the reduction in water withdrawals or consumption. Target setting provides direction and structure to environmental strategy and demonstrate commitment to water management at a corporate level. Water accounting is vital to illustrate that your organization is monitoring and tracking progress in all facets of water security. In recognition of this, these two categories remain the highest weighted.



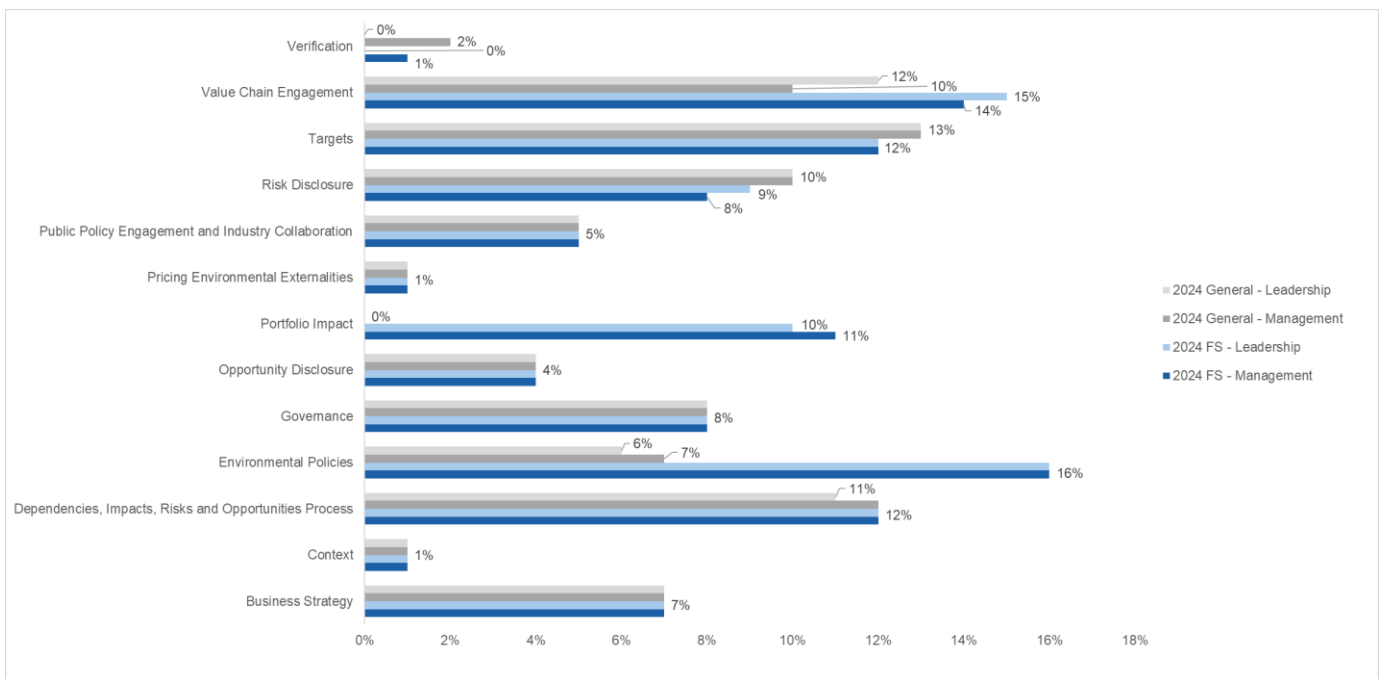
The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the Electrical Utilities and General 2024 Full Corporate Scoring Methodology – Water Security.

Scoring categories and weightings: Water Security - Financial Services

Activities in the Financial Services sector include bank lending, investing (asset management and/or asset ownership), and insurance underwriting. Disclosure by this sector will enable investors, central banks, regulators/supervisors and other relevant stakeholders to better understand both organisational and systemic exposures to environmental risks and opportunities, as well as how they impact water security through their activities.

Most of a financial institution’s water-related dependencies, impacts, risks, and opportunities are likely to stem from its financial activities, which are intertwined with the subsequent impacts of that financing. Unique to the Financial Services sector, the category ‘Portfolio Impact’ covers the metrics used to understand and track the impact of the organization’s financial activities on water. It is therefore highly weighted. Other heavily weighted categories emphasise the ability of Financial Institutions to be catalysts of the environmental transition by assessing the dependencies, impacts, risks and opportunities within their portfolio, setting strong environmental policies and targets for their clients and investees and engaging with their clients, investees and other stakeholders.

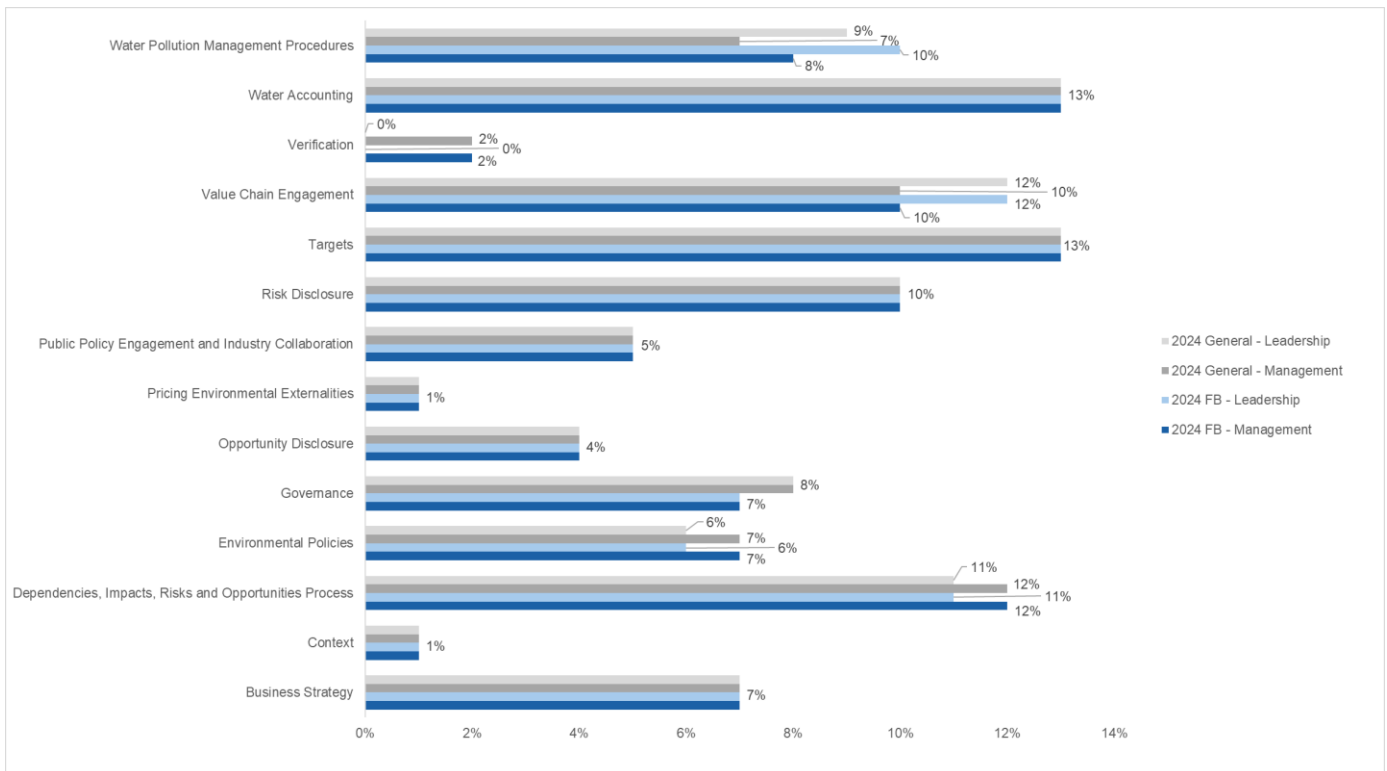
In 2024, the Water Security score for Financial Service sector organisations will be private and shared only with the disclosing organisations.



The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the Financial Services and General 2024 Full Corporate Scoring Methodology – Water Security.

Scoring categories and weightings: Water Security - Food, Beverage and Tobacco

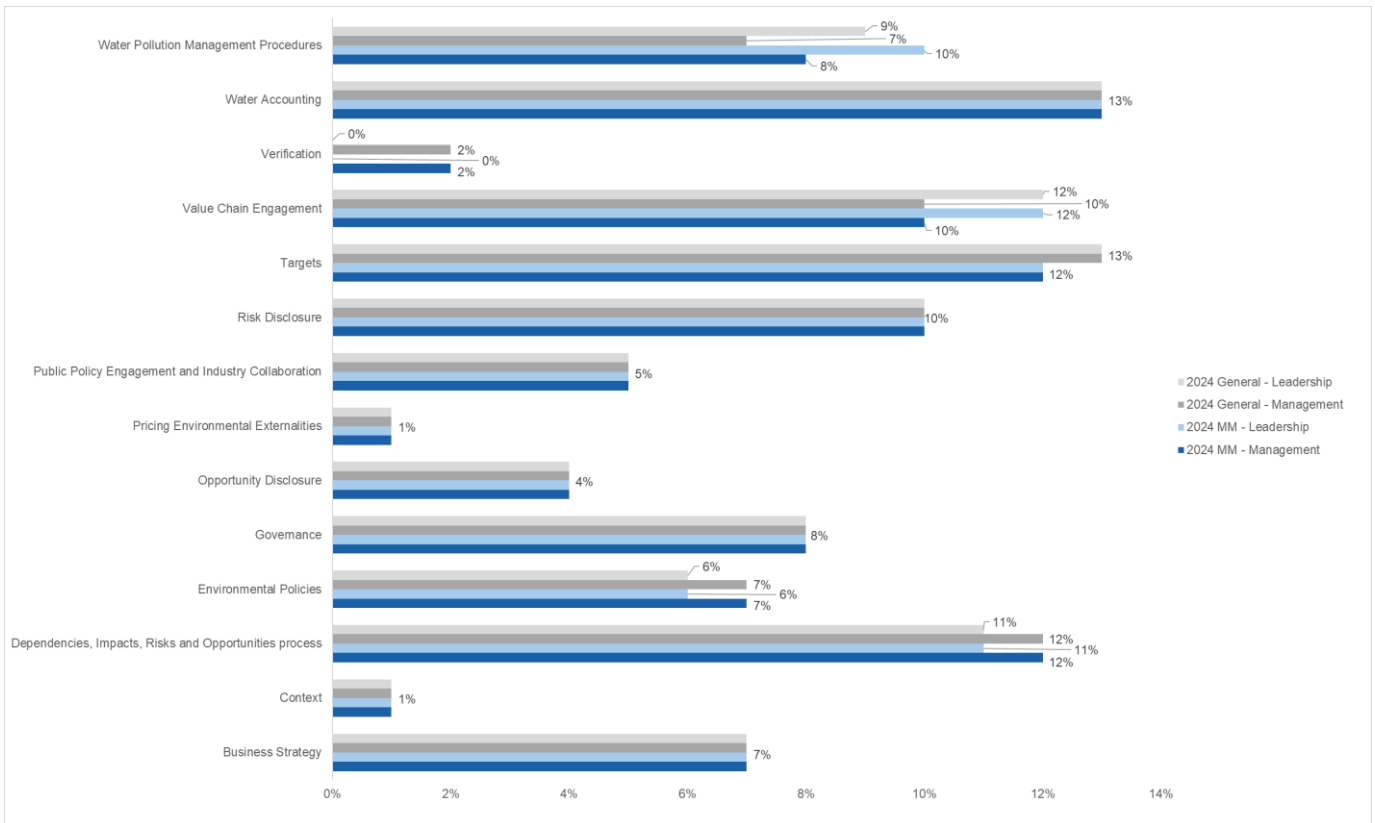
Activities in the Food, Beverage and Tobacco sector include processing (including packaging), manufacturing and trade of food, drinks, and tobacco consumer goods. Organizations in this sector usually source their raw materials from those in the agricultural commodities sector. The Food, Beverage and Tobacco sector inherits risks from agricultural activities in its supply chain, including physical risks such as changing weather patterns affecting water availability. Water quality and pollution due to chemical use and management of animal wastes can affect an organization’s performance and have detrimental impacts on the environment. As such, there is increased emphasis on the ‘Water Pollution Management Procedure’ category. In addition, the agricultural and manufacturing supply chains for this sector are considered high impact for water, reflected by the high weighting of ‘Value-chain engagement’ category at Leadership level mirroring the weightings for the General sector. ‘Targets’ setting provides direction and structure to environmental strategy and demonstrate commitment to water management at a corporate level. Water accounting is vital to illustrate that your organization is monitoring and tracking progress in all facets of water security. In recognition of this, these two categories remain the highest weighted.



The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the Food, Beverage and Tobacco and General 2024 Full Corporate Scoring Methodology – Water Security.

Scoring categories and weightings: Water Security - Metals and Mining

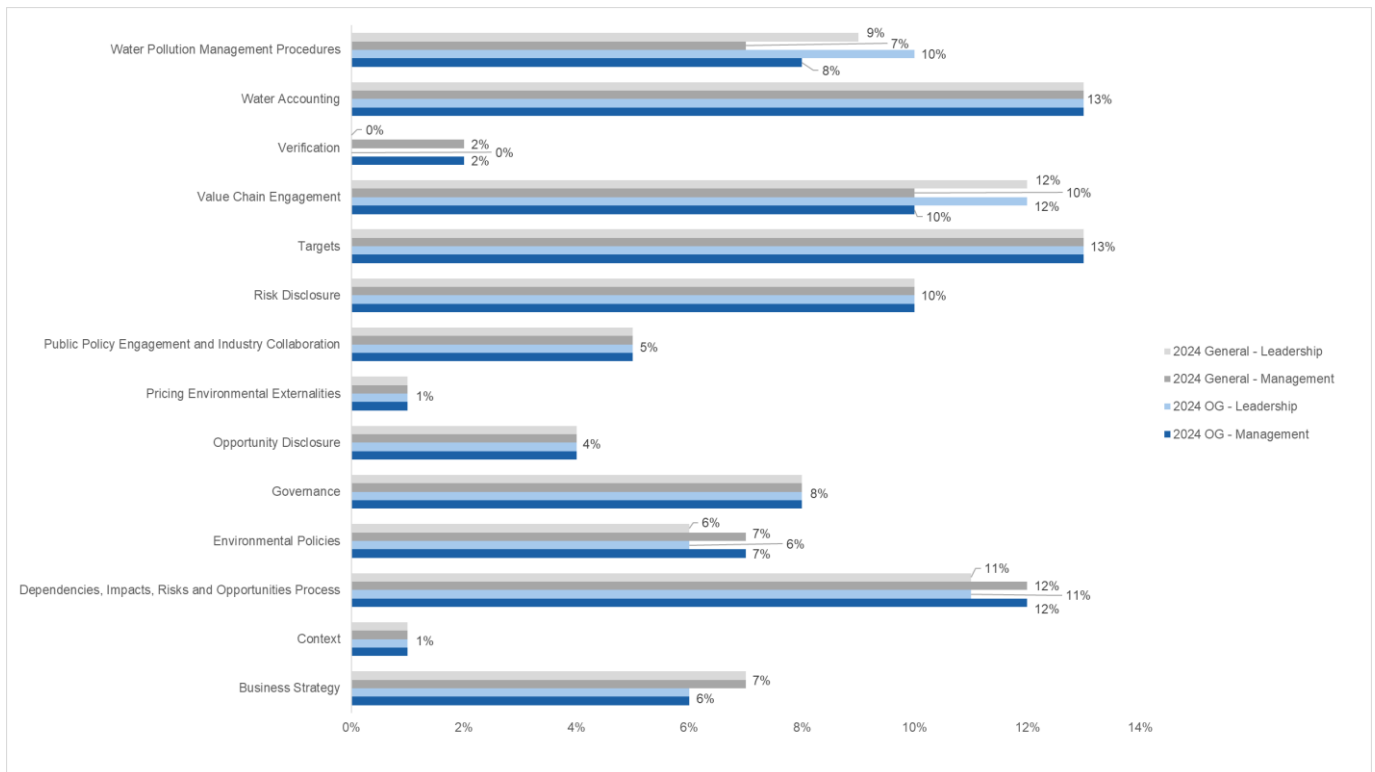
Water is used by metals & mining organizations during the in-situ extraction process from the ground, mineral processing, transport of minerals and tailings, storage of tailings, and for other processes such as dust suppression, cooling, and employee requirements on site. Monitoring water intensity metrics encourages organizations to improve efficiency and identify opportunities for the reduction in water withdrawals or consumption. The produced water from these processes and the potential pollutants it may be contaminated with, poses a critical threat to water security. Tailings dams are a key environmental risk for this sector requiring strong management procedures, as spills and failings can have significant impacts on biodiversity and human health particularly should they run off into water sources. Given the significant potential for pollution, the 'Water Pollution Management Procedures' category is weighted more heavily for the Metals & Mining sector. Target setting provides direction and structure to environmental strategy and demonstrate commitment to water management at a corporate level. Water accounting is vital to illustrate that an organization is monitoring and tracking progress in all facets of water security. In recognition of this, these two categories remain the highest weighted.



The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the Metals & Mining and General 2024 Full Corporate Scoring Methodology – Water Security.

Scoring categories and weightings: Water Security - Oil and Gas

Water is critical to the oil & gas industry. The extraction of hydrocarbons produces large volumes of water. Smart, safe management of this produced water is both a business opportunity and a regulatory necessity (in that water contaminated with hydrocarbons must be properly treated). In newer exploration and production such as hydraulic fracturing and oil sands, water is often an essential input for the recovery of the resource. Downstream operations such as refining and petrochemicals require water for cooling. Hazardous chemicals used in oil & gas processes threaten the quality of water bodies and their dependent ecosystems. It is vital that potential water pollutants linked to their business operations and products are identified and effectively managed. This is reflected by the 'Water Pollution Management Procedures' category being weighted more heavily for organizations in the 'Oil & Gas' sector than 'General'.



The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the Oil and Gas and General 2024 Full Corporate Scoring Methodology – Water Security.