As part of the methodology development process for the 2024 CSA, we kindly invite you to review a draft proposal for new and updated questions impacting your industry.

Please review this document and provide your feedback by completing the online survey.

The question texts and methodology presented may be subject to change at any time before the end of March 2024. In addition, questions may look different in the Online Assessment Tool in terms of question structure and layout.
Introduction

Criterion Rationale

Water is becoming increasingly scarce, and such scarcity serves a considerable risk to many sectors. Consideration of water consumption, and exposure to water risks along the value chain of business operations can enhance companies’ competitiveness through reduced costs and environmental liabilities. It can also mean companies are better prepared for future environmental regulations. The key focus of this criterion is to identify trends of water use and the extent to which companies have considered their risks and exposure to water-related issues.

Reason for update and summary of changes

This document contains three proposals under the Water Criterion. First, a proposed new question on “Water Efficiency Management Programs”, second, the proposed changes to the existing questions “Quantity & Quality-Related Water Risks” and “Water-Related Regulatory Changes & Pricing Structure” and third, the proposed changes to the existing question on “Water Consumption” & “Water Use”. Please note that in the following section, new content added to the questions has been framed in red.

The need for the new question on “Water Efficiency Management Programs” comes from the fact that currently the CSA does not contain specific program questions for certain topics related to operational eco-efficiency issues. The CSA already distinguishes the leading companies engaged in environmental management with the Environmental Policy & Management Systems question, but this question, alongside with the newly introduced Energy and Waste program questions, will provide a clear picture of how companies taking their first steps perform.

Reducing environmental impacts and improving water management efficiency is important for companies of all sizes as it can enhance companies’ competitiveness through reduced costs and environmental liabilities. Companies that have adopted corporate environmental guidelines and standards as a management tool are more likely to improve their environmental performance. Moreover, public information about how programs are implemented helps to improve performance and becomes a strong tool for creating accountability.

For the existing questions on “Quantity & Quality-Related Water Risks” and “Water-Related Regulatory Changes & Pricing Structure”, both were joined and renamed to “Water Risk Management Programs” with the aim to reduce complexity and reporting burden for companies and to focus on the most relevant aspects of water risk assessment. Additionally, we would like to
know whether companies’ risk assessment covers their dependencies on water resources as well as their impacts on local stakeholders and the environment. Lastly, we would like to see whether the risk assessment is limited to the company’s operations or if it includes its supply chain and its product use phase.

Currently CSA has two separate questions, one on Water Consumption, applicable to 51 industries and the requirements includes capturing different sources of water withdrawal, while Water Use is applicable to only 11 industries and requires information on total water withdrawal. The intent of this proposal is two-fold. Firstly, it aims at aligning the CSA with the CDP’s Water security questionnaire. Secondly, it aims at simplification of the question by merging “Water Consumption” and “Water Use” questions applicable to all industries. This reduces the reporting burden for companies and allows for CSA to capture different aspects under one water consumption question.
New Question

**Question:** Water Efficiency Management Programs

**INDUSTRIES IMPACTED:**
- AIR Airlines
- ALU Aluminum
- ARO Aerospace & Defense
- ATX Auto Components
- AUT Automobiles
- BLD Building Products
- BTC Biotechnology
- BVG Beverages
- CHM Chemicals
- CMT Communications Equipment
- CNO Casinos & Gaming
- COL Coal & Consumable Fuels
- COM Construction Materials
- CON Construction & Engineering
- COS Personal Products
- CSV Diversified Consumer Services
- CTR Containers & Packaging
- DHP Household Durables
- DRG Pharmaceuticals
- ELC Electric Utilities
- ELQ Electrical Components & Equipment
- FDR Food & Staples Retailing
- FOA Food Products
- FRP Paper & Forest Products
- GAS Gas Utilities
- HEA Health Care Providers & Services
- HOM Homebuilding
- HOU Household Products
- ICS Commercial Services & Supplies
- IDD Industrial Conglomerates
- IEQ Machinery and Electrical Equipment
- IMS Interactive Media, Services & Home Entertainment
- ITC Electronic Equipment, Instruments & Components
- LEG Leisure Equipment & Products and Consumer Electronics
- LIF Life Sciences Tools & Services
- MNX Metals & Mining
- MTC Health Care Equipment & Supplies
- MUW Multi and Water Utilities
- OGR Oil & Gas Refining & Marketing
- OGX Oil & Gas Upstream & Integrated
- OIE Energy Equipment & Services
- PIP Oil & Gas Storage & Transportation
PUB Media, Movies & Entertainment
REI Equity Real Estate Investment Trusts (REITs)
REM Real Estate Management & Development
REX Restaurants & Leisure Facilities
RTS Retailing
SEM Semiconductors & Semiconductor Equipment
SOF Software
STL Steel
TCD Trading Companies & Distributors
TEX Textiles, Apparel & Luxury Goods
THQ Computers & Peripherals and Office Electronics
TLS Telecommunication Services
TOB Tobacco
TRA Transportation and Transportation Infrastructure
TRT Hotels, Resorts & Cruise Lines
TSV IT services

**QUESTION RATIONALE**

Water is essential to developing and maintaining successful and healthy economies and for human health and wellbeing. For any responsible business or organization, the monitoring of water use is a key indicator of its environmental sustainability performance. Knowing and managing water challenges can protect a business from significant and unforeseen costs caused by quantity and quality issues, which could also restrict business growth and important socio-economic benefits. Nonetheless, adequate water management can also protect an organization from regulatory breaches and negative reputational impacts.

The purpose of this question is to understand how companies are taking steps towards the responsible management of water as a critical resource for their businesses through specific water management programs. In its planning processes, companies must identify opportunities to continually improve water efficiency performance. Those programs should focus on actions such as water use reviews, measurement and monitoring of water use indicators, improving efficiency performance through reducing/ replacing/ reusing water in operations, etc.

**KEY DEFINITIONS**

*Water efficiency management programs:* Include the planning and definition of actions that enable businesses to assess and account for their water use, identifying and implementing measures to achieve and improve efficiency through the systematic management of water.

It should consider the following (but not limited to): conducting of water use reviews to identify activities and functions of significant water use; determine processes and services that affect the used water quality; identification of water recycling potential in processes and operations; identification of water-saving measures; action plans to implement the identified measures, priorities and timelines, reduction targets and goals, etc.
DATA REQUIREMENTS

Supporting evidence:
This question requires supporting evidence from the public domain. The information provided must be included in your public reporting (e.g. annual report, sustainability report, integrated report, company publications) or corporate website. Any response that cannot be verified in the attached public document(s) will not be accepted.

REFERENCES

- CEO Water Mandate: https://ceowatermandate.org/
Water Efficiency Management Programs

Does the company have a water efficiency management program in place?

- Yes, the company has water efficiency management program that covers the following elements. Please indicate where this information is available in public reporting or corporate website.
  - References (max 3 allowed, public URLs)

  - Water use assessment to identify opportunities for water efficiency improvements
  - Actions to reduce water consumption
  - Actions to improve wastewater quality
  - Establishment of targets to reduce water use
  - Application of water recycling
  - Awareness training provided to employees on water efficiency management programs

- No, the company does not have a water efficiency related program.
- Not applicable. Please provide explanations in the comment box below.
Updated Question

Question: Water Risk Management Programs

INDUSTRIES IMPACTED:

ALU Aluminum  
BVG Beverages  
CHM Chemicals  
COL Coal & Consumable Fuels  
COM Construction Materials  
CTR Containers & Packaging  
ELC Electric Utilities  
FOA Food Products  
FRP Paper & Forest Products  
MNX Metals & Mining  
MUW Multi and Water Utilities  
OGR Oil & Gas Refining & Marketing  
OGX Oil & Gas Upstream & Integrated  
STL Steel

QUESTION RATIONALE

As water is becoming an increasingly scarce resource, risks related to both the quality and quantity of available water have become of great importance for companies’ operations. In this question, we assess how companies manage quantity and quality-related water risks and dependencies that are relevant to their operations.

Furthermore, potential regulatory changes, changes in price structure (e.g. water tariffs, withdrawal restrictions, etc.) and impacts on local stakeholders may increase risks to companies' operations. With this question, we assess how companies manage these risks and dependencies.

DATA REQUIREMENTS

Disclosure requirements for partially public question. Additional credit will be granted for relevant publicly available evidence for each of the aspect of this question.

For companies with exposure to water-stressed areas - indicate policies or risk management measures that apply to the majority of the plants/sites located in water-stressed areas.
For companies with NO exposure to water-stressed areas - this question needs to be answered by all companies as it also assesses preparedness for future changes in conditions (both in terms of company structure and geographical conditions). Please indicate any policies or risk management measures that have been taken on a corporate level relating to water stress or water-related risks.
QUESTION LAYOUT

*Additional credit will be granted for relevant public information.

How does your company manage risks with regard to the available quantity and quality of water relevant for your operations? At corporate level, we have the overview of the following measures (please tick only if the statement is valid for the majority of your production plants/sites located in water-stressed areas and provide supporting evidence).

If you do not have any production plants in water-stressed areas, please indicate which type of risk management measures have generally been taken with regards to water-related risks at your company.

Does the company have a water risk management program in place?

○ Yes, the company has water-related risk management measures in place. The water risk management measures include the following (please tick only if the statement is valid for the majority of the production plants/sites located in water-stressed areas and provide supporting evidence):

References (max 3 allowed, public URLs)

☐ Corporate water management policy and plan in place, please specify:

☐ Systematic tracking and monitoring of availability at local level, please specify:

☐ Estimates of future changes in water availability at local level, please specify:

☐ Scenario analysis with potential impact on operations, please specify:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Publicly available</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Dependency-related water risks considered in risk assessment</td>
<td>☐ Yes</td>
</tr>
<tr>
<td>☐ Impact-related water risks considered in risk assessment</td>
<td>☐ Yes</td>
</tr>
<tr>
<td>☐ Assessment of future water quantities available</td>
<td>☐ Yes</td>
</tr>
<tr>
<td>Scope of Risk Assessment</td>
<td></td>
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<tr>
<td>-------------------------</td>
<td></td>
</tr>
<tr>
<td>The risk assessment covers:</td>
<td></td>
</tr>
<tr>
<td>□ Own operations</td>
<td></td>
</tr>
<tr>
<td>□ Supply chain</td>
<td></td>
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<tr>
<td>□ Product use phase</td>
<td></td>
</tr>
<tr>
<td>○ No, the company does not have water risk management</td>
<td></td>
</tr>
<tr>
<td>○ Not applicable. Please provide explanations in the comment box below.</td>
<td></td>
</tr>
<tr>
<td>○ Not known</td>
<td></td>
</tr>
</tbody>
</table>
Updated Question

**Question: Water Consumption**

**INDUSTRIES IMPACTED:**
All Industries

**QUESTION RATIONALE**
Water is becoming increasingly scarce, and such scarcity serves as a considerable risk to many sectors. Consideration of water withdrawal, water discharge and water consumption practices can enhance companies’ competitiveness through reduced costs and environmental liabilities. It can also mean companies are better prepared for future environmental regulations.

**KEY DEFINITIONS**

**Water Withdrawal:** Water Withdrawal is defined as the sum of:

i. Fresh surface water
ii. Brackish surface water/Seawater
iii. Groundwater – renewable and non-renewable
iv. Produced/Entrained water
v. Third party sources

**Fresh surface water:** Fresh surface water, including rainwater, water from wetlands, rivers, lakes and freshwater that require minimal treatment to be acceptable for domestic or agricultural uses.

**Brackish surface water/Seawater:** Water that has a concentration of salts and includes seawater or Brackish surface water.

**Groundwater – renewable and non-renewable:** Groundwater that can be recovered from underground

**Produced/Entrained water:** Produced water, Re-injected produced water.

**Third party sources:** Municipal water, local third-party water purchase, city water from public water department, trucked water purchased, tap water and reclaimed water.

**Water Discharge:** It is the water leaving the organization’s boundary and released to surface water, groundwater, brackish surface water/seawater, or third parties, during the reporting year.

**Water Consumption:** = Water Withdrawal – Water Discharge
DATA REQUIREMENTS

Disclosure requirements for partially public question. Additional credit will be granted for relevant publicly available evidence covering the following aspect of this question:

- Total net freshwater consumption for at least the most recent reported year.

Third-party verification: For third-party verification, we expect that data in the most recent year reported has been third-party verified and that relevant documentation is attached showing this verification. Internal audits or verification will not be considered.

Target: We require the absolute target for the most recent reporting year. If your company has a multiple year and/or relative target, please extrapolate what the target value would have to be for the last financial year to make sure you are progressing well towards achieving the target by the end of the target period.

Please note: In case the company has reported a value of zero in the table, third-party verification or supporting evidence is required (e.g., comprehensive comment, internal documentation, or public reporting) to substantiate the zero reported.

DATA CONSISTENCY

- If the environmental performance data reported in the questionnaire do not correspond to the publicly reported figures, the corresponding option should be marked, and the discrepancy should be explained. This option should not be indicated if the information is not publicly reported at all.
- If there is a temporary reduction in coverage due to, for example, a major acquisition, the corresponding box should be marked, and the reduction should be explained.
- If it is not possible to report the figures in absolute terms, the data should be reported in relative terms and the corresponding box should be ticked. Please note that information should always be reported in absolute terms, if possible, even if it deviates from public reporting.

GENERAL DATA REQUIREMENTS

Environmental performance data should cover the activities of the entire company with the same consolidation as used in financial reporting and must refer to the financial year (e.g., 01/01 to 31/12 for both financial and environmental data) and be aligned with the figures reported in the Company Information section.

In particular, environmental data of group companies should follow the following rules

- Environmental data of companies that are consolidated proportionally must be considered to the proportion at which they are consolidated financially.
- Environmental data of companies that are fully consolidated must be fully considered irrespective of the proportion to which they belong to the group.
- Environmental data of business travel other than by owned and/or operated fleet should not be included unless specifically asked for.
• Environmental data should refer to the specific company structure of each particular year. There should be no pro-forma backward consolidation of the current company structure.
• Environmental data of companies that are sold or no longer consolidated should be excluded from environmental data as of the reporting period in which the company has not been consolidated anymore.
• Environmental data of companies that have been bought should only be included as of the reporting period in which the company is consolidated financially for the first time.
• Where environmental data does not cover all consolidated activities of the company, the scope should be indicated together with the environmental data that is known.
• Where the reported environmental data deviates from these definitions you are asked to explain in what way the data provided differs from the definitions.
• If a company publicly reports on long-term but not annual targets, an annual target has to be estimated based on internal target setting or a linear distribution.
• The data must be provided in the unit indicated in the question. If the company is tracking the specific indicator in a different unit, the unit converter must be used to convert the data into the preferred unit.
• Please ensure that the Company Information section has been correctly filled in, and that the coverage in the table below is based on the same denominator.

REFERENCES

• CDP – Water Security 2023


QUESTIONS LAYOUT
<table>
<thead>
<tr>
<th>A. Water Withdrawal: Total municipal water supplies (or from other sources)</th>
<th>Million cubic meters</th>
<th>Year of Financial Year</th>
<th>Unit</th>
<th>Year of Financial Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Water Withdrawal: Fresh surface water (lakes, rivers, etc.)</td>
<td>Million cubic meters</td>
<td>2019</td>
<td>Financial Year</td>
<td>Year 2019</td>
</tr>
<tr>
<td>C. Water Withdrawal: Fresh groundwater</td>
<td>Million cubic meters</td>
<td>2020</td>
<td>Year</td>
<td>Year 2020</td>
</tr>
<tr>
<td>D. Water Withdrawal: Water returned to the source of extraction at a quality equal or higher to the quality of raw water extracted (only applies to B and C)</td>
<td>Million cubic meters</td>
<td>2021</td>
<td>Year</td>
<td>Year 2021</td>
</tr>
<tr>
<td>E. TOTAL NET FRESH WATER CONSUMPTION (A + B + C - D)</td>
<td>Million cubic meters</td>
<td>2022</td>
<td>Year</td>
<td>Year 2022</td>
</tr>
</tbody>
</table>

Please provide your company's total net fresh water consumption, including data for fresh water extraction and consumption. Please refer to the information button for additional information. For each row in the table, it is mandatory that the values are provided in the same unit. Also, please ensure that you have correctly filled in the Company Information section at the beginning of the questionnaire, and that the coverage in the table below is related to the denominator relevant for your company as indicated in that section. If your company's final product is water (e.g., water utilities), please mark "Not applicable" in this question.
Please provide your company's total water consumption, including data for water discharge and withdrawal. Please refer to the information button for additional information. For each row in the table, it is mandatory that the values are provided in the same unit. Also, please ensure that you have correctly filled in the Company Information section at the beginning of the questionnaire, and that the coverage in the table below is related to the denominator relevant for your company as indicated in that section.

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>FY2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>Please indicate what was your target for the FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Withdrawal</td>
<td>Million cubic meters</td>
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<tr>
<td>Water Discharge</td>
<td>Million cubic meters</td>
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<tr>
<td>Water consumption</td>
<td>Million cubic meters</td>
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<tr>
<td>Data Coverage</td>
<td>Percent age of</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**PUBLIC REPORTING**

☐ Our data is publicly available. Please provide supporting evidence or web link.

References (max 3 allowed, public URLs only)

**THIRD PARTY VERIFICATION**

☐ Our data has been third-party verified in the most recent financial year reported. Please provide supporting evidence

References (max 3 allowed)

**DATA CONSISTENCY**
☐ We report publicly on this information, but the data in the table above differs from our publicly reported figures. Please provide an explanation in the comment box for this difference:

☐ We have a temporary coverage reduction or target challenge due to corporate actions. Please briefly explain if a merger, acquisition, divestment, etc. has temporarily caused a reduction in your ability to report optimal coverage or caused your target to appear abnormal:

☐ We are not able to report this information in absolute terms, the information provided in the table above is normalized data. For the purpose of this question, please always provide absolute figures if available.

○ We do not track water withdrawal.

○ Not applicable. Please provide explanations in the comment box below.

○ Not known
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