Valuing Water Finance Initiative Benchmark Methodology • 2025

Valuing Water Finance Initiative and Benchmark

The Valuing Water Finance Initiative is a global investor-led effort to engage companies with a large water footprint to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems. Through the Valuing Water Finance Initiative, investors are engaging large companies from four water intensive industries—apparel, beverage, food, and high-tech—to address their broad water impacts. These companies, while at different stages of their water journeys, all have the potential to better steward and protect freshwater resources within their business operations and supply chains to drive meaningful change. The Initiative urges companies to align with the Corporate Expectations for Valuing Water, a set of six science-based, actionable expectations that support the United Nation's 2030 Sustainable Development Goals for Water (SDG6) and the Ceres Roadmap 2030. Using corporate disclosures, the Valuing Water Finance Initiative Benchmark offers a detailed analysis of focus companies' vulnerabilities, opportunities, and strengths in sustainable water management. It outlines actionable steps companies should take to safeguard vital water resources essential to their operations and supply chains.

Benchmark Methodology

The benchmark methodology is composed of 12 core indicators across the six Corporate Expectations for Valuing Water. Each core indicator has associated sub-indicators with specific assessment criteria and numerical point values to evaluate company alignment with the Corporate Expectations. The point allocation for the sub-indicators increases with the increasing scope and ambition of companies' water stewardship actions. Additionally, 14 advanced sub-indicators (marked with "X" suffixes) recognize leading practices where companies elevate their ambition to amplify impact. Each Corporate Expectation is weighted equally, with 15 total points available for each and 90 points in total. The interconnected Corporate Expectations underscore the importance of comprehensive, multi-pronged water stewardship strategies to address global freshwater challenges.

The benchmark captures material issues, freshwater risks, and impacts unique to each of the four industries—apparel, beverage, food, and high-tech—while maintaining comparability. All focus list companies operate in industries with severe, systemic impacts and significant dependence on freshwater resources. While the relative materiality of water may vary by industry and value chain segment, the Corporate Expectations articulate a scientifically grounded ambition for large companies to achieve by 2030, regardless of industry or maturity in water stewardship.

Updated October 2025

Although the indicators themselves are industry-agnostic, assessments of a company's alignment with the Expectations consider industry-specific best practices for indicators related to Expectations 1–3 (Water Quantity, Water Quality, and Ecosystem Protection). For instance, within the **apparel industry**, company efforts to reduce water consumption through material innovation, efficient production processes, and/or supplier engagement are evaluated to understand how it is meeting the Water Quantity and related Expectations. In addition, an apparel company's advanced dyeing processes, wastewater treatment systems, and compliance with frameworks like the Zero Discharge of Hazardous Chemicals (ZDHC) are considered to understand water quality impacts, while sustainable sourcing certifications (e.g., Better Cotton Initiative), regenerative agriculture, and circular economy initiatives are also assessed. **High-tech industry** company assessments consider efforts to reduce water usage in data centers and semiconductor manufacturing, manage chemical pollutants, and implement advanced recovery and recycling technologies. Evaluations also take into account initiatives to minimize environmental impacts through third-party certification (e.g., Alliance for Water Stewardship), low impact mining practices, the use of renewable materials, and transparent reporting on regulatory wastewater compliance. **Food and beverage company** assessments consider how a company manages water use in its agricultural supply chain through regenerative farming techniques; minimizes pollution from fertilizers, pesticides, and organic waste; and prevents deforestation.

Benchmark Refinements in 2025

To prepare for the second edition of the Valuing Water Finance Initiative Benchmark, Ceres refined the methodology to enhance transparency in how companies are assessed, address emerging trends in water stewardship, and ensure alignment with the work of partner stakeholders. Feedback from NGO stakeholders and Valuing Water Finance Initiative focus list companies informed these updates. Key refinements include:

General enhancements

- **Detailed assessment criteria** Across all six Corporate Expectations, more detailed assessment criteria were outlined to provide additional transparency as to how companies are evaluated and what requirements are needed to earn points for each sub-indicator.
- **Glossary** A glossary has been added at the end of the methodology to clarify terms and enhance transparency. It draws from widely accepted definitions within the field of corporate water stewardship and is hyperlinked within the document.

Water Quantity and Quality Expectations

- **New sub-indicators** Sub-indicators 1.1.F and 2.1F were added to the methodology to evaluate whether a company has committed to setting time-bound water targets.

Ecosystem Protection Expectation

- **New sub-indicator** A new advanced sub-indicator for publishing progress (3.1X) was added to encourage accountability in implementing commitments, aligning with the approach used in the Water Quantity and Water Quality sub-indicators.
- **Scoring adjustments** Sub-indicator 3.1A is now valued at four points (previously five) and advanced sub-indicator 3.2X is now valued at three points (previously five) to account for the addition of advanced sub-indicator 3.1X. Sub-indicators in 3.2 have been clarified to ensure that higher ambition speaks to sourcing commitments, supplier engagements, and sourcing policies that are explicitly tied to a freshwater benefit. Of note, some companies receiving credit for 3.2A in the 2023 benchmark may now be relegated to 3.2B or 3.2C if company disclosures do not explicitly discuss freshwater outcomes.

Access to Water and Sanitation Expectation

- **New sub-indicator** A new advanced sub-indicator was added (4.1XXX) to recognize the impact climate and water have on WASH resiliency to reflect emerging best practice.
- **Scoring adjustment** Sub-indicator 4.1XX is now valued at two points (previously three), to account for the addition of a new sub-indicator.

Public Policy Engagement Expectation

- **Updated language** Sub-indicators 6.1A and 6.1B have been revised to emphasize the importance of addressing frontline communities and environmental justice within the Expectation.
- **Updated assessment criteria** The “Stakeholder Engagement” assessment criteria has been removed from sub-indicators 6.1A–6.1C, as these considerations are integrated within the advocacy assessment criteria.

Benchmark Methodology

Expectation #1 — Water Quantity Companies do not negatively impact water availability in water-scarce areas across their value chain.			
Core indicator	**Sub-indicators and assessment criteria**	**Sub-indicator points**	**Total available points (15)**
1.1 Company sets time-bound, science, or contextual goals, targets and/or policies to address impacts on water availability in water-scarce areas across its value chain	**(1.1A)** Company has a **risk-differentiated/science-based/contextual** approach to setting targets to address impacts on water availability in water-scarce areas considering where water is most material in **direct operations and supply chain**. [Assessment criteria] • [Target ambition] Company has set a process- or outcome-oriented target to address its impacts on water availability. Target must be time-bound and may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Value chain coverage] Target must cover all direct operations and supply chain in areas of high water stress/ priority locations. • [Water risk assessment] Areas of high water stress/priority locations are identified through a water risk assessment.	5	+5
	(1.1B) Company has a **risk-differentiated/science-based/contextual** approach to setting targets to address impacts on water availability in water-scarce areas considering where water is most material in **direct operations and partial supply chain**. [Assessment criteria] • [Target ambition] Company has set a process- or outcome-oriented target to address its impacts on water availability. Target must be time-bound and may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Value chain coverage] Target must cover all direct operations and partial sections of the supply chain in areas of high water stress/priority locations. • [Water risk assessment] Areas of high water stress/priority locations are identified through a water risk assessment.	4	

	(1.1C) Company has a **risk-differentiated/science-based/contextual** approach to setting targets to address impacts on water availability in water-scarce areas considering where water is most material in **direct operations or partial supply chain.** [Assessment criteria] • [Target ambition] Company has set a process- or outcome-oriented target to address its impacts on water availability. Target must be time-bound and may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Value chain coverage] Target must cover all direct operations or partial supply chain in areas of high water stress/priority locations. • [Water risk assessment] Areas of high water stress/priority locations are identified through a water risk assessment.	3	+5 (continued)
	(1.1D) Company has set **time-bound goals and/or targets** to address impacts on water availability in **direct operations and supply chain.** [Assessment criteria] • [Target ambition] Company has set a time-bound goal and/or target to address its impacts on water availability. Target may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Value chain coverage] The company's goal and/or target covers direct operations and supply chain; however, the company does not have a risk-differentiated/science-based/contextual target for high water stress/priority locations. • [Water risk assessment] Company has conducted a water risk assessment for its direct operations and supply chain.	2	
	(1.1E) Company has set **time-bound goals and/or targets** to address impacts on water availability in **direct operations and/or partial supply chain.** [Assessment criteria] • [Target ambition] Company has set a time-bound goal and/or target to address its impacts on water availability. Target may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Value chain coverage] The company's goal and/or target covers all direct operations and/or partial supply chain; however, the company does not have a risk-differentiated/science-based/contextual target for high water stress/priority locations. • [Water risk assessment] Company has conducted a water risk assessment for its direct operations and/or partial supply chain.	1	

	(1.1F) Company has **committed to establishing** a target to address impacts on water availability across its **direct operations and/or supply chain**. [Assessment criteria] • [Target commitment] Company has committed to establish a new water quantity-related target or update an expired target, within a stated timeframe. Target may include meeting the requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Water risk assessment] Company has conducted, or is in the process of conducting, a water risk assessment for its direct operations and/or supply chain.	0.5	+5 (continued)
	(1.1G) Limited or no evidence of a time-bound goal and/or target to address impacts on water availability across direct operations or supply chain. [Assessment criteria] • [Limited or no evidence] Company falls into one of the following categories: has a target but provides no disclosure on its water risk assessment process; has conducted a water risk assessment but has not set/committed to setting a target; has committed to establishing a target but has not conducted, nor is planning to conduct, a water risk assessment.	0	
1.1X. Company has publicly disclosed **interim goal/roadmap/next steps** for achieving its target and/or participates in **collective action** to support its target to address impacts on water availability. [Assessment criteria] • [Interim goal/roadmap/next steps] Company discloses how it is going to reach its commitment/target (e.g., leveraging standards, innovative technologies, and supplier engagement). Receiving credit is contingent on receiving points in 1.1. (+0.5) • [Collective action] Company provides example(s) of working with external stakeholders to support its target to address impacts on water availability. Receiving credit is contingent on receiving points in 1.1. (+1.5)		**+2**	
1.2 Company publishes progress towards meeting commitments to address impacts on water availability in their direct operations and supply chain	**(1.2A)** Company annually discloses the volumes of **water withdrawn and consumed** for **direct operations and supply chain.** [Assessment criteria] • [Scope of disclosure] Company discloses withdrawn and consumed water volumes for all their direct operations (aggregated at the asset or corporate level) and supply chain (aggregated at the regional or basin level).	3	+3
	(1.2B) Company annually discloses the volumes of **water withdrawn and consumed** for **direct operations and partial supply chain.** [Assessment criteria] • [Scope of disclosure] Company discloses withdrawn and consumed water volumes for all their direct operations (aggregated at the asset or corporate level) and partial supply chain (aggregated at the regional or basin level).	2	

Ceres

	(1.2C) Company annually discloses the volumes of **water withdrawn and consumed** for **direct operations or partial supply chain**. [Assessment criteria] • [Scope of disclosure] Company discloses withdrawn and consumed water volumes for all their direct operations (aggregated at the asset or corporate level) or partial supply chain (aggregated at the regional or basin-level).	1	
	(1.2D) Company annually discloses the volumes of **water withdrawn and consumed** for **partial direct operations**. [Assessment criteria] • [Scope of disclosure] Company discloses withdrawn and consumed water volumes for some of their direct operations (aggregated at the asset or corporate level).	0.5	
	(1.2E) Limited or no evidence that the company annually discloses volumes of water withdrawn and consumed for direct operations or supply chain. [Assessment criteria] • [Limited or no evidence] Company discloses only water withdrawn or consumed but not both metrics or company does not disclose any information on its water withdrawn or consumed.	0	
1.2X. Company publishes **year-on-year progress** towards meeting its target to address impacts on water availability. [Assessment criteria] • [Publishes progress] Progress reported may be quantitative or qualitative and at any level (e.g., corporate-level, site-level, watershed-level, etc.). Receiving credit is contingent on receiving points in 1.1.		**+3**	
1.2XX. Company discloses **water withdrawals by source type** and/or an **assessment of contextual water quantity related impacts due to water withdrawals**. [Assessment criteria] • [Water source] Company discloses the source(s) of its water withdrawals (e.g., surface water, groundwater, municipal water, purchased reclaimed water.) (+1) • [Water impacts disclosure] Company provides example(s) of the potential and current impacts caused from its water withdrawals on local water availability and discloses its approach for identifying those impacts. Companies may demonstrate active monitoring of the impacts their water use has on local catchments in their disclosure through utilizing technologies like satellite imagery and artificial intelligence to quantify environmental impacts (such as changes in land use, eutrophication levels, or depleted groundwater levels) in regions where it sources commodities. (+0.5) • [Context based] Company provides example(s) of the broader contextual factors considered in its water quantity assessments, including shared water challenges within the basin(s) where it operates (e.g., regional water stress, environmental conditions, community needs). Receiving points contingent on company having a water risk assessment and receiving credit in 1.1. (+0.5)		**+2**	

<table>
<tr><th colspan="4">Expectation #2 — Water Quality
Companies do not negatively impact water quality across their value chain.</th></tr>
<tr><th>Core indicator</th><th>Sub-indicators and assessment criteria</th><th>Sub-indicator points</th><th>Total available points (15)</th></tr>
<tr><td rowspan="2">2.1 Company sets time-bound, science, or contextual goals, targets and/or policies to address impacts on water quality from point and nonpoint sources across the value chain</td><td>(2.1A) Company has a risk-differentiated/science-based/contextual approach to setting targets to address impacts on water quality from point and/or nonpoint sources considering where water quality is most material in direct operations and supply chain.

[Assessment criteria]
[Target ambition] Company has set a process- or outcome-oriented target to address its impacts on water quality. This includes ensuring compliance with internal standards, regulatory requirements, industry standards, and/or certification programs for point source pollution, and/or setting a risk-differentiated contextual target for nonpoint pollution. Target must be time-bound and may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target.
[Value chain coverage] Target must cover all direct operations and supply chain in areas of high water quality stress/priority locations.
[Water risk assessment] Priority locations are identified through a water risk assessment including water quality risk.</td><td>5</td><td rowspan="2">+5</td></tr>
<tr><td>(2.1B) Company has a risk-differentiated/science-based/contextual approach to setting targets to address impacts on water quality from point and/or nonpoint sources considering where water quality is most material in direct operations and partial supply chain.

[Assessment criteria]
[Target ambition] Company has set a process- or outcome-oriented target to address its impacts on water quality. This includes ensuring compliance with internal standards, regulatory requirements, industry standards, and/or certification programs for point source pollution, and/or setting a risk-differentiated contextual target for nonpoint pollution. Target must be time-bound and may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target.
[Value chain coverage] Target must cover all direct operations and partial sections of the supply chain in areas of high water quality stress/priority locations.
[Water risk assessment] Priority locations are identified through a water risk assessment including water quality risk.</td><td>4</td></tr>
</table>

Ceres

	(2.1C) Company has a **risk-differentiated/science-based/contextual** approach to setting targets to address impacts on water quality from point and/or nonpoint sources considering where water quality is most material in **direct operations or partial supply chain.** [Assessment criteria] • [Target ambition] Company has set a process- or outcome-oriented target to address its impacts on water quality. This includes ensuring compliance with internal standards, regulatory requirements, industry standards, and/or certification programs for point source pollution, and/or setting risk-differentiated contextual target for nonpoint pollution. Target must be time-bound and may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Value chain coverage] Target must cover all direct operations or partial supply chain in areas of high water quality stress priority locations. • [Water risk assessment] Priority locations are identified through a water risk assessment including water quality risk.	3	+5 (continued)
	(2.1D) Company has set **time-bound goals and/or targets** to address impacts on water quality from point and/or nonpoint sources in **direct operations and supply chain**. [Assessment criteria] • [Target ambition] Company has set a time-bound goal and/or target to address its impacts on water quality. This includes ensuring compliance with internal standards, regulatory requirements, industry standards, and/or certification programs for point source pollution and/or nonpoint pollution. Target may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Value chain coverage] The company's goal and/or target covers direct operations and supply chain; however, the company does not have a risk-differentiated/science-based/contextual target for high water quality stress/priority locations. • [Water risk assessment] Company has conducted a water risk assessment for its direct operations and supply chain.	2	

	(2.1E) Company has set **time-bound goals and/or targets** to address impacts on water quality from point and/or nonpoint sources in **direct operations and/or partial supply chain.** [Assessment criteria] • [Target ambition] Company has set a time-bound goal and/or target to address its impacts on water quality. This includes ensuring compliance with internal standards, regulatory requirements, industry standards, and/or certification programs for point source pollution and/or nonpoint pollution. Target may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Value chain coverage] The company's goal and/or target covers direct operations and/or partial supply chain; however, the company does not have a risk-differentiated/science-based/contextual target for high water quality stress/priority locations. • [Water risk assessment] Company has conducted a water risk assessment for its direct operations and/or partial supply chain.	1	+5 (continued)
	(2.1F) Company has **committed to establishing** a target to address impacts on water quality across its **direct operations and/or supply chain**. [Assessment criteria] • [Target commitment] Company has committed to establish a new water quality-related target or update an expired target, within a stated timeframe. This includes ensuring compliance with internal standards, regulatory requirements, industry standards, and/or certification programs for point source pollution and/or nonpoint pollution. Target may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Water risk assessment] Company has conducted, or is in the process of conducting, a water risk assessment for its direct operations and/or supply chain.	0.5	
	(2.1G) Limited or no evidence of a time-bound goal and/or target to address impacts on water quality from point and nonpoint sources across direct operations or supply chain. [Assessment criteria] • [Limited or no evidence] Company falls into one of the following categories: has a target but provides no disclosure on its water risk assessment process; has conducted a water risk assessment but has not set/committed to setting a target; has committed to establishing a target but has not conducted, nor is planning to conduct, a water risk assessment.	0	

<table>
<tr><td colspan="2">2.1X. Company has publicly disclosed interim goal/roadmap/next steps for achieving its target and/or participates in collective action to support its target to address impacts on water quality.

[Assessment criteria]
• [Interim goals/roadmap/next steps] Company discloses how it is going to reach its commitment/target (e.g., leveraging standards, innovative technologies, and supplier engagement). Receiving credit is contingent on receiving points in 2.1. (+0.5)
• [Collective action] Company provides example(s) of working with external stakeholders to support its target to address impacts on water quality. Receiving credit is contingent on receiving points in 2.1. (+1.5)</td><td colspan="2">+2</td></tr>
<tr><td rowspan="5">2.2 Company publishes progress towards meeting commitments to address impacts on water quality from point and nonpoint sources across their direct operations and supply chain</td><td>(2.2A) Company annually discloses the volumes of water discharged for direct operations and supply chain.

[Assessment criteria]
• [Scope of disclosure] Company discloses wastewater discharge volumes for all their direct operations (aggregated at the asset or corporate level) and supply chain (aggregated at the regional or basin level).</td><td>3</td><td rowspan="5">+3</td></tr>
<tr><td>(2.2B) Company annually discloses the volumes of water discharged for direct operations and partial supply chain.

[Assessment criteria]
• [Scope of disclosure] Company discloses wastewater discharge volumes for all their direct operations (aggregated at the asset or corporate level) and partial supply chain (aggregated at the regional or basin level).</td><td>2</td></tr>
<tr><td>(2.2C) Company annually discloses the volumes of water discharged for direct operations or partial supply chain.

[Assessment criteria]
• [Scope of disclosure] Company discloses wastewater discharge volumes for all their direct operations (aggregated at the asset or corporate level) or partial supply chain (aggregated at the regional or basin level).</td><td>1</td></tr>
<tr><td>(2.2D) Company annually discloses the volumes of water discharged for partial direct operations.

[Assessment criteria]
• [Scope of disclosure] Company discloses wastewater discharge volumes for some of their direct operations (aggregated at the asset or corporate level).</td><td>0.5</td></tr>
<tr><td>(2.2E) Limited or no evidence that the company annually discloses volumes of water discharged for direct operations or supply chain.

[Assessment criteria]
• [Limited or no evidence] Company does not disclose any information on its wastewater discharge volumes.</td><td>0</td></tr>
<tr><td colspan="2">2.2X. Company publishes year-on-year progress towards meeting its target to address impacts on water quality.

[Assessment criteria]
• [Publishes progress] Progress reported may be quantitative or qualitative and at any level (e.g., corporate-level, site-level, watershed-level, etc.). Receiving credit is contingent on receiving points in 2.1.</td><td colspan="2">+3</td></tr>
</table>

Ceres

2.2XX. Company discloses **industry pollutants of concern** and/or an **assessment of contextual water quality-related impacts** due to wastewater discharges. [Assessment criteria] • [Industry pollutants of concern] Company discloses industry pollutants of concern, for direct operations and supply chain, and its approach for setting internal discharge limits, including where local regulations are insufficient. This may include phasing out harmful chemicals in products and production. (+1) • [Water impacts disclosure] Company provides example(s) of the potential and current impacts caused from its wastewater discharges on local water quality and discloses its approach for identifying those impacts. Companies may demonstrate active monitoring of the impacts their wastewater discharge has on local catchments in their disclosure through utilizing technologies like satellite imagery and artificial intelligence to quantify environmental impacts (such as changes in land use, eutrophication levels, or depleted groundwater levels) in regions where it sources commodities. (+0.5) • [Context based] Company provides example(s) of the broader contextual factors considered in its water quality assessments, including shared water challenges within the basin(s) where it operates (e.g., regional water stress, environmental conditions, community needs). Receiving points contingent on company having a water risk assessment and receiving credit in 2.1. (+0.5)	**+2**

Ceres

Expectation #3 — Ecosystem Protection Companies do not contribute to the conversion of natural ecosystems critical to freshwater supplies and aquatic biodiversity and actively work to restore degraded habitats that their businesses depend upon.			
Core indicator	**Sub-indicators and assessment criteria**	**Sub-indicator points**	**Total available points (15)**
3.1. Company sets ecosystem protection and restoration targets and/or projects to not contribute to the conversion of natural ecosystems critical to freshwater supplies and aquatic biodiversity	**(3.1A)** Company has **set an ecosystem protection/restoration target** to not contribute to the conversion of natural ecosystems and/or restore degraded habitats **critical to freshwater supplies and aquatic biodiversity**, demonstrating measurable freshwater outcomes. Company also participates in **ecosystem protection/restoration projects** to support its target. [Assessment criteria] • [Target] Company has a time-bound goal or target for ecosystem protection/restoration. Target may include meeting the requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Projects] Company has established projects at the site or watershed level to support its ecosystem protection/restoration goal or target. To meet this ambition, the company must provide example(s) of the projects to support its target.	4	+4
	(3.1B) Company has **announced/committed to setting an ecosystem protection/restoration target** to not contribute to the conversion of natural ecosystems and/or restore degraded habitats **critical to freshwater supplies and aquatic biodiversity**. Company also participates in **ecosystem protection/restoration projects**. [Assessment criteria] • [Target] Company has announced/committed to setting a time-bound goal or target for ecosystem protection/restoration, within a stated timeframe. Target may include meeting the requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. • [Projects] Company provides example(s) of the ecosystem protection/restoration projects it is participating in that have outcomes supporting natural ecosystems critical to freshwater supplies and aquatic biodiversity.	3	
	(3.1C) Company participates in **ecosystem protection/restoration projects**, but there is no evidence of committing to establish an ecosystem protection/restoration target. [Assessment criteria] • [Projects] Company provides example(s) of the ecosystem protection/restoration projects it is participating in that have outcomes supporting natural ecosystems critical to freshwater supplies and aquatic biodiversity.	1	

	(3.1D) Limited or no evidence the company has set ecosystem protection/restoration targets or participates in projects to not contribute to the conversion of natural ecosystems critical to freshwater supplies and aquatic biodiversity. [Assessment criteria] • [Limited or no evidence] Company may have an ecosystem protection/restoration target and/or projects in place but provides no disclosure on how this work has beneficial outcomes for freshwater supplies and aquatic biodiversity.	0	+4 (continued)
3.1X. Company **publishes year-on-year progress** towards meeting its target to not contribute to the conversion of natural ecosystems critical to freshwater supplies and aquatic biodiversity. [Assessment criteria] • [Publishes progress] Progress reported may be quantitative or qualitative and at any level (corporate-level, site-level, watershed-level, etc.). Receiving credit is contingent on receiving points in 3.1A–3.1B.		**+3**	
3.2 Company ensures capital expenditures and sourcing decisions do not contribute to conversion and/or continued degradation of natural ecosystems in regions where they operate and source from	**(3.2A)** Company ensures sourcing decisions do not contribute to the conversion and/or continued degradation of natural ecosystems by implementing **sourcing commitments, policies, and supplier engagement**. Company describes how beneficial water outcomes are promoted through **all** of the following assessment criteria. [Assessment criteria] • [Sourcing commitments] Company has set a time-bound goal or target for sustainably sourcing key raw materials. • [Sourcing policy] Company has a clear sustainable sourcing policy and supplier expectation with emphasis on the protection of natural ecosystems. • [Supplier engagement/programs] Company has supplier engagement programs for key suppliers (e.g., supplier training, support for supplier certification, incentives, etc.).	5	+5
	(3.2B) Company ensures sourcing decisions do not contribute to the conversion and/or continued degradation of natural ecosystems by implementing **sourcing commitments, policies, and supplier engagement**. Company meets all of the following assessment criteria and must describe how beneficial water outcomes are promoted through **at least two** of the following assessment criteria. [Assessment criteria] • [Sourcing commitments] Company has set a time-bound goal or target for sustainably sourcing key raw materials. • [Sourcing policy] Company has a clear sustainable sourcing policy and supplier expectation with emphasis on protection of natural ecosystems. • [Supplier engagement/programs] Company has supplier engagement programs for key suppliers (e.g., supplier training, support for supplier certification, incentives, etc.).	3	

	(3.2C) Company ensures sourcing decisions do not contribute to the conversion and/or continued degradation of natural ecosystems by implementing **sourcing commitments, policies, and supplier engagement**. Company meets all of the following assessment criteria and must describe how beneficial water outcomes are promoted through **at least one** of the following assessment criteria. [Assessment criteria] • [Sourcing commitments] Company has set a time-bound goal or target for sustainably sourcing key raw materials. • [Sourcing policy] Company has a clear sustainable sourcing policy and supplier expectation with emphasis on protection of natural ecosystems. • [Supplier engagement/programs] Company has supplier engagement programs for key suppliers (e.g., supplier training, support for supplier certification, incentives, etc.).	1	+5 (continued)
	(3.2D) Company ensures sourcing decisions do not contribute to the conversion and/or continued degradation of natural ecosystems, implementing **sourcing commitments, policies, and supplier engagement**. Company **does not** disclose how beneficial water outcomes are promoted through any of the following assessment criteria. [Assessment criteria] • [Sourcing commitments] Company has set a time-bound goal or target for sustainably sourcing key raw materials but does not disclose how beneficial water outcomes are promoted. • [Sourcing policy] Company has a clear sustainable sourcing policy and supplier expectation with emphasis on the protection of natural ecosystems but does not disclose how beneficial water outcomes are promoted. • [Supplier engagement/programs] Company has supplier engagement programs for key suppliers (e.g., supplier training, support for supplier certification, incentives, etc.) but does not disclose how beneficial water outcomes are promoted.	0.5	
	(3.2E) Limited or no evidence that the company ensures sourcing decisions do not contribute to the conversion and/or continued degradation of natural ecosystems in areas where they operate and source from. [Assessment criteria] • [Limited or no evidence] Company does not disclose its sourcing commitments, policies, or supplier engagement.	0	
3.2X. Company discloses how it **assesses the ecosystem impacts** of its **direct operations and supply chain.** [Assessment criteria] • [Impact assessment] Company has assessed the ecosystem impacts of current and projected capex/sourcing decisions to ensure water resilience and habitat integrity. (+1.5) • [Risk assessment] Company provides details of its risk assessment processes for identifying and evaluating nature-related risks in direct operations and supply chain. (+1.5)			**+3**

Expectation #4 — Access to Water and Sanitation Companies contribute to the social, economic, and ecological resilience of communities they interact with by contributing to achieving universal and equitable access to WASH (water access, sanitation, and hygiene) across their value chain.			
Core indicator	**Sub-indicators and assessment criteria**	**Sub-indicator points**	**Total available points (15)**

4.1 Company commits to taking action on WASH across their value chain, including at the workplace (at an appropriate level of standard for all employees in all premises), among their suppliers, as well as in the communities that surround their workplaces and/or where their workers live	**(4.1A)** Company takes action on WASH across its **direct operations, supply chain, and the communities that surround its operations and supply chain**, demonstrating evidence of designated financial and human resources to uphold the human right to water and sanitation.
	
	[Assessment criteria]
	• [Financial & human resources] Evidence of designated financial and human resources to address WASH is demonstrated by the company meeting **all of the following** assessment criteria:
	  • [Community WASH] Company provides example(s) of its efforts to support WASH in the communities surrounding its operations and supply chain.
	  • [Supplier WASH] Company includes access to water and sanitation requirements in its contractual arrangements with its suppliers or in its supplier code of conduct. The company describes, through example(s), how it collaborates with supply chain partners to improve their WASH practices.
	  • [Employee WASH] Company ensures that all employees have access to clean water, improved sanitation, and hygiene in the workplace at an appropriate standard. Access to WASH is included in facilities audits and/or certified by a third party across all premises.
		6	+6

	(4.1B) Company takes action on WASH across its **direct operations/supply chain, and/or communities that surround its operations and supply chain**, demonstrating evidence of designated financial and human resources to uphold the human right to water and sanitation.
	
	[Assessment criteria]
	• [Financial & human resources] Evidence of designated financial and human resources to address WASH is demonstrated by a company meeting **two of the following** assessment criteria**:**
	  • [Community WASH] Company provides example(s) of its efforts to support WASH in the communities surrounding its operations and supply chain.
	  • [Supplier WASH] Company includes access to water and sanitation requirements in its contractual arrangements with its suppliers or in its supplier code of conduct. The company describes, through example(s), how it collaborates with supply chain partners to improve their WASH practices.
	  • [Employee WASH] Company ensures that all employees have access to clean water, improved sanitation, and hygiene in the workplace at an appropriate standard. Access to WASH is included in facilities audits and/or certified by a third party across all premises.
		4	

	(4.1C) Company takes action on WASH across its **direct operations or supply chain or communities that surround its operations and supply chain**, demonstrating evidence of designated financial and human resources to uphold the human right to water and sanitation.
	
	[Assessment criteria]
	• [Financial & human resources] Evidence of designated financial and human resources to address WASH is demonstrated by a company meeting **at least one** of the following assessment criteria**:**
	  • [Community WASH] Company provides example(s) of its efforts to support WASH in the communities surrounding its operations and supply chain.
	  • [Supplier WASH] Company includes access to water and sanitation requirements in its contractual arrangements with its suppliers or in its supplier code of conduct.
	  • [Employee WASH] Company ensures that all employees have access to clean water, improved sanitation, and hygiene in the workplace at an appropriate standard.
		2	+6 (continued)

	(4.1D) Limited or no evidence that the company takes action on WASH with no information on the allocation of financial and human resources to uphold the human right to water and sanitation within operations, supply chain, and communities.	0	
4.1X. Company has a **time-bound WASH target** and/or has included **WASH in water-related risk assessments** to understand where WASH is needed most in its direct operations, supply chain, and communities. [Assessment criteria] • [Target] Company has a time-bound WASH target for direct operations and/or supply chain and/or communities. Target may include meeting requirements for a third-party standard or certification, but disclosure must explicitly state the nature, value chain scope, and timeline of the target. (+2) • [Risk assessment] Company includes WASH in its water-related risk assessments, identifying where WASH is needed the most within its direct operations, supply chain, and the communities that surround its operations and supply chain. (+2)			**+4**
4.1XX. Company applies a **gender lens** to its WASH strategy, acknowledging the burden that women and girls experience when it comes to accessing WASH. [Assessment criteria] • [Strategy tied with gender] Company discloses evidence and rationale regarding integrating gender issues into its overall corporate WASH strategy. (+2)			**+2**
4.1XXX. Company assesses the impacts of water and climate risks on WASH access for people in its value chain (**climate-resilient WASH**) including the surrounding communities (e.g., how climate events could affect WASH). [Assessment criteria] • [Linking climate and water risk to WASH] Company discloses qualitative explanations for how it has assessed the impact of climate and water risk on access to WASH in its value chain. (+1)			**+1**

4.2 Company has adopted a corporate policy with designated financial and human resources that respects the human right to water and sanitation	**(4.2A)** Company has a **publicly available policy** that explicitly **states that it protects and respects the human right to water and sanitation**. [Assessment criteria] • [Corporate policy] The human right to water must be codified in a published corporate policy (human rights policy/ water policy/position statement). Inclusion in a corporate ESG or annual report alone is not sufficient.	2	+2
	(4.2B) Company does not have a publicly available policy that explicitly states that it protects and respects the human right to water and sanitation.	0	

Expectation #5 — Board Oversight Corporate boards and senior management oversee water management efforts.			
Core indicator	**Sub-indicators and assessment criteria**	**Sub-indicator points**	**Total available points (15)**
5.1 Company corporate board and senior management formally oversee material and salient water issues, and company adopts sustainability linked governance practices, e.g., water is linked to pay or incentive compensation for senior executives	**(5.1A)** Corporate board and senior management **oversee** material and **salient** water issues and **have sustainability linked governance practices**, **specifically for water**. [Assessment criteria] • [Board briefing frequency] The board is briefed by management on water issues at least once annually. • [Governance practice] Company has monetary/non-monetary incentives linked to water and tied to senior executives' compensation/performance assessments. • [Board oversight examples] Company provides example(s) of the water-related issues the board and senior management oversee and how it addresses those priorities.	5	+5
	(5.1B) Corporate board and senior management **oversee** material and salient water issues and **have plans/stated commitment to adopt sustainability linked governance practices, specifically for water.** [Assessment criteria] • [Board briefing frequency] The board is briefed by management on water issues at least once annually. • [Governance practice] There is evidence in disclosures that monetary/non-monetary incentives linked to water will be tied to senior executives' compensation/performance assessments. • [Board oversight examples] Company provides example(s) of the water-related issues the board and senior management oversee and how it addresses those priorities.	4	
	(5.1C) Corporate board and senior management **oversee** material and salient water issues but **have no sustainability linked governance practices, specifically for water**. [Assessment criteria] • [Board briefing frequency] The board is briefed by the management on water issues less than once a year. • [Governance practice] There is no evidence in disclosures the company has sustainability linked governance practices linked to water nor has the company stated any intent to implement such practices in the future. • [Board oversight examples] Company must provide example(s) of the water-related issues the board and senior management oversee, and how it addresses those priorities.	3	

	(5.1D) Corporate board and senior management **acknowledge** material and salient water issues but disclosures do not include reference to **formal oversight of water**. [Assessment criteria] • [Board briefing frequency] The board is briefed by the management on water issues but there isn't clear evidence of how frequently this happens or if there is a formal process for how the board oversees water.	1	+5 (continued)
	(5.1E) Limited or no evidence the company corporate board and senior management formally oversee or acknowledge material and/or salient water issues.	0	
5.1X. The company's **board committee charter** explicitly addresses water-related issues. [Assessment criteria] • [Board committee charter] Company's board committee charter specifically mentions water. (+2)		**+2**	
5.1XX. At least one **board member has expertise** in water management. [Assessment criteria] • [Board expertise] Evidence of a board member having expertise in water management. This may be demonstrated through academic qualifications, professional training, or relevant career-related experience. (+1)		**+1**	
5.2 Corporate boards and senior management integrate water risks and opportunities into decisions on strategy, risk, and revenue	**(5.2A)** Corporate boards and senior management **consider water risks and opportunities** as part of major business planning activities and investment decisions for their **assets and supply chain, integrating them into decisions on strategy, risk, and revenue**. [Assessment criteria] • [Water risks — integrated into decision making] Company discloses water-related risks, including the likely effect of these risks (e.g., financial impact), for its assets and supply chain. Company provides example(s) of how these water-related risks are integrated into strategic business planning decisions and activities for its assets and supply chain. • [Water opportunities — integrated into decision making] Company discloses water-related opportunities for its assets and supply chain. Company provides example(s) of how these water-related opportunities are integrated into strategic business planning decisions and activities for its assets and supply chain.	5	+5

	(5.2B) Corporate boards and senior management **consider water risks and opportunities** as part of major business planning activities and investment decisions for their **assets or supply chain, integrating them into decisions on strategy, risk, and revenue**. [Assessment criteria] • [Water risks — integrated into decision making] Company discloses water-related risks, including the likely effect of these risks (e.g., financial impact), for its assets or supply chain. Company provides example(s) of how these water-related risks are integrated into strategic business planning decisions and activities for its assets or supply chain. • [Water opportunities — integrated into decision making] Company discloses water-related opportunities for its assets or supply chain. Company provides example(s) of how these water-related opportunities are integrated into strategic business planning decisions and activities for its assets or supply chain.	3	+5 (continued)
	(5.2C) Corporate boards and/or senior management **make statements around considering water risks and opportunities** as part of major business planning activities for their **assets and/or supply chain** but show **no evidence of integrating into decisions on strategy, risk, and revenue**. [Assessment criteria] • [Water risks — integrated into decision making] Company discloses water-related risks, including the likely effect of these risks (e.g., financial impact), for its assets and/or supply chain. Company does not provide example(s) of how these water-related risks are integrated into strategic business planning decisions and activities for its assets and/or supply chain. • [Water opportunities — integrated into decision making] Company discloses water-related opportunities for its assets and/or supply chain. Company does not provide example(s) of how these water-related opportunities are integrated into strategic business planning decisions and activities for its assets and/or supply chain.	1	
	(5.2D) Limited or no evidence corporate boards and/or senior management integrate water risks and opportunities into major business planning activities and investment decisions.	0	

5.2X. Company has set an **internal price for water**. [Assessment criteria] • Company has evaluated the true cost of water considering the externalities and context-based risks and opportunities using methods such as shadow pricing, external tools for evaluating water related quantity and quality costs, or internal assessments. (+1) OR Company has set an **internal price for water accounting for environmental and societal benefits**. [Assessment criteria] • Assessment above is used to set an internal price for water considering the environmental and societal benefits which means not only is the water saving counted but also the monetized value of river pollution avoided, biodiversity maintained, etc. (+2)	**+1** OR **+ 2**

Expectation #6 — Public Policy Engagement Companies ensure that all public policy engagement and lobbying activities are aligned with sustainable water resource management outcomes.			
Core Indicator	**Sub-indicators and assessment criteria**	**Sub-indicator points**	**Total available points (15)**
6.1 Company proactively advocates for strengthened water governance, infrastructure and equitable access to water	**(6.1A)** Company **proactively advocates** for **water-related issues** (such as strengthened water governance, water infrastructure improvements, or equitable access to water), providing **examples** of these efforts in **high water stress priority regions within operations and/or supply chains and includes disclosure with regard to advocacy** efforts around water for **environmental justice (EJ)/frontline communities**. [Assessment criteria] • [Proactive advocacy] Company provides example(s) of how it partners with governments, businesses, civil society, industry groups, and other stakeholders to advance sustainable water management. Proactive advocacy may occur at the global, sub-national, or local watershed level. • [Advocacy activities] Company provides example(s) of advocacy activities which could include efforts to strengthen water governance, improve infrastructure, and/or ensure equitable access to water. • [High water stress areas or EJ/frontline communities] Company provides example(s) of advocacy in its high water stress priority regions, including in environmental justice (EJ)/frontline communities.	10	+10
	(6.1B) Company **proactively advocates** around **water-related issues** (such as strengthened water governance, water infrastructure improvements, or equitable access to water), providing **examples** of these efforts focused in **high water stress priority regions within operations and/or supply chains**. [Assessment criteria] • [Proactive advocacy] Company provides example(s) of how it partners with governments, businesses, civil society, industry groups, and other stakeholders to advance sustainable water management. Proactive advocacy may occur at the global, sub-national, or local watershed level. • [Advocacy activities] Company provides example(s) of advocacy activities which could include efforts to strengthen water governance, improve infrastructure, and/or ensure equitable access to water. • [High water stress areas] Company must provide example(s) of advocacy in its high water stress priority regions.	6	

	(6.1C) Company **advocates** around **water-related issues** (such as strengthened water governance, water infrastructure improvements, or equitable access to water) and may be providing **examples** of these efforts or company disclosure is unclear if advocacy is focused in the company's water stress priority regions. [Assessment criteria] • [Advocacy] Company explicitly states that it partners with governments, businesses, civil society, and other stakeholders to advance sustainable water management. The company may provide example(s). • [High water stress areas] Company lacks example(s) of advocacy in its high water stress priority regions.	4	+10 (continued)
	(6.1D) Company **advocates** around **sustainability-related issues** (e.g., climate change, biodiversity, circular economy, sustainable supply chains, ethical sourcing, energy efficiency, etc.), not including water, providing **examples** of these efforts. [Assessment criteria] • [Advocacy] Company provides example(s) of how it partners with governments, businesses, civil society, and other stakeholders to advance the body of knowledge, intelligence, and tools for sustainability-related issues, not specifically including water. • [Advocacy activities] Company provides example(s) of advocacy activities around sustainability-related issues, but not necessarily for water.	1	
	(6.1E) Limited or no evidence that the company advocates around water or sustainability-related issues.	0	
6.2 Company ensures direct and indirect lobbying activities are aligned with its water policy	**(6.2A)** Company ensures its **lobbying activities are aligned with its water policy and/or corporate water stewardship strategy** and provides **examples**. [Assessment criteria] • [Commitment] Company has a specific commitment/position statement to conduct all its direct and/or indirect lobbying in line with its water policy and/or corporate water stewardship strategy. • [Addressing misalignment] Company discloses its action plan to address any misalignment of its lobbying activities (policy advocacy and industry associations) with its water policy and/or corporate water stewardship strategy. • [Examples] Specific example(s) are provided to demonstrate how the company ensures its lobbying activities align with its water policy and/or corporate water stewardship strategy.	5	+5

	(6.2B) Company states its **lobbying activities are aligned with its water policy and/or corporate sustainability strategy** but **does not provide examples**. [Assessment criteria] • [Commitment] Company has a specific commitment/position statement to conduct its direct and/or indirect lobbying in line with its water policy and/or corporate water stewardship strategy. • [Addressing misalignment] Company discloses its action plan to address any misalignment of its lobbying activities (policy advocacy and industry associations) with its water policy and/or corporate water stewardship strategy.	3	+5 (continued)
	(6.2C) Company ensures its **lobbying activities are aligned with its sustainability policy and/or corporate sustainability strategy** and provides **examples**. [Assessment criteria] • [Commitment] Company has a specific commitment/position statement to conduct its direct and/or indirect lobbying in line with its sustainability policy and/or corporate sustainability strategy. • [Addressing misalignment] Company discloses its action plan to address any misalignment of its lobbying activities (policy advocacy and industry associations) with its sustainability policy and/or corporate sustainability strategy. • [Examples] Specific example(s) are provided to demonstrate how the company ensures its lobbying activities align with its sustainability policy and/or corporate sustainability strategy.	1	
	(6.2D) Limited or no evidence the company ensures lobbying activities are aligned with its water or sustainability policies/strategies.	0	

Glossary

Climate-resilient WASH Climate-resilient WASH refers to WASH services and behaviors that continue to deliver benefits, or are appropriately restored, within a changing climate context and despite climate-induced hazards. Climate resilience refers to the ability of a system or community to quickly and efficiently anticipate, absorb and recover from the effects of climate change (WaterAid).

Collective action A coordinated set of engagements among interested parties playing complementary roles, which pools together knowledge, resources and/or expertise to jointly identify and implement solutions at various geographic scales, with the aim to address shared freshwater challenges (Unpacking Collective Action).

Context-based assessment An approach that considers the social, economic, geographic, environmental and cultural factors integrated into water risk assessments. It evaluates water quantity, quality, and access within the specific context of a region, watershed, or community, guiding informed water management decisions (Setting Site Water Targets Informed by Catchment Context: A Guide for Companies).

Context-based targets A specific time-bound objective that sets the desired outcome to include both a component that addresses the company's water performance and a component that accounts for the basin's condition (CEO Water Mandate: Exploring the Case for Corporate Context-Based Water Targets).

Direct operations All activities and sites (e.g., buildings, farms, mines, retail stores) over which the enterprise has operational or financial control. This includes majority-owned subsidiaries (SBTN Steps 1–3 Glossary).

Ecosystem protection The protection of ecosystems from any harm during operational activities, and where the environment remains in its original state with a healthy and functioning ecosystem (UNGP CoP Guidebook).

Ecosystem Protection Corporate Expectation This benchmark evaluates a company's efforts in ecosystem protection/restoration, including its commitments, policies, and supplier engagement related to sourcing. The focus is on addressing natural ecosystems critical to freshwater supplies and aquatic biodiversity while promoting positive water outcomes. For more detailed insights on corporate actions to avoid and reduce drivers of nature loss and restore and regenerate ecosystems, please refer to Nature Action 100.

Ecosystem protection/restoration projects This benchmark assesses projects related to ecosystems critical to freshwater and aquatic biodiversity. Examples may include land conservation and restoration (including reforestation), projects addressing water quality (constructed wetland treatment systems, agricultural best management practices related to conservation and preventing conversion), aquatic habitat restoration (wetland protection, wetland restoration and creation, floodplain inundation/reestablishing hydrologic connection) (Volumetric Water Benefit Accounting (VWBA): A Method for Implementing and Valuing Water Stewardship Activities).

Ecosystem protection/restoration targets This benchmark provides a general assessment of a company's ecosystem protection/restoration targets as they relate to natural ecosystems critical to freshwater and aquatic biodiversity. For more detailed insight on targets to avoid and reduce drivers of nature loss and restore and regenerate ecosystems, please refer to Nature Action 100.

Ecosystem restoration Undertaking remediation measures to restore an ecosystem that was used during or affected by operational activities to its original state, or to a state where it is capable of providing ecosystem services (UNGP CoP Guidebook).

Environmental justice (communities) Refers to neighborhoods, census blocks, or other groupings of households either 1) known to be disproportionately overburdened by pollution, the impacts of climate change, or other environmental impacts that adversely affect public health, the natural environment, or other aspects of public well-being or 2) presumed to be at disproportionate risk for such disproportionate burdens (Commonwealth of Massachusetts definition of Environmental Justice Population. Commonwealth of Massachusetts 2024 Environmental Justice Strategy. State of Connecticut definition of Environmental Justice Community.)

Frontline communities The term is often used to indicate communities that are, in some instances, "first and worst" affected by climate change or adverse environmental impacts. Such communities often correlate to historically marginalized communities, including, for example, communities impacted by historical redlining in the United States or other forms of systemic discrimination in the U.S. or internationally (Georgetown Climate Center Equitable Adaptation Legal & Policy Toolkit).

Gender lens to WASH work Policies and action plans responding to the needs of women and girls. This involves including them in the planning, decision-making, and governance of services (UN Water).

Goal A desired objective, set at the enterprise or site level, against which the company and other entities can evaluate progress. This term is used synonymously with other commonly used language to describe desired objectives, such as targets and commitments (Volumetric Water Benefit Accounting 2.0). To receive credit in this benchmark, a goal/target may also include those set to meet the requirements for a third-party standard or certification, but disclosure must explicitly state the nature, scope, and timeline of the goal/target.

Human right to water and sanitation The acknowledgment that access to water and sanitation is a fundamental human right, essential for all individuals' health, dignity, and prosperity (UN Water).

Impact Social, economic, and environmental effects resulting from the implementation of a project or activity, either directly or indirectly, intentionally or unintentionally (Volumetric Water Benefit Accounting 2.0).

Internal pricing for water The monetized value a company assigns to water, reflecting its true cost beyond infrastructure expenses. This pricing incorporates factors such as water stress, ecosystem impacts, avoidance of nature loss, societal benefits, and opportunity costs. By incorporating water risks into financial models, business strategies, and investment decisions, companies broaden the recognition of water's value. Quantifying and internalizing these risks sets a precedent, encouraging a broader acknowledgment of water as a critical and valuable resource across economic and social systems (Internal water pricing is changing how companies do business).

Material Material topics are those that have a direct or indirect impact on an organization's ability to create, preserve, or erode economic, environmental, and social value for itself, its stakeholders, and society at large (GRI). Based on the findings of the Global Assessment of Private Sector Impacts on Water, all industries assessed in the Valuing Water Finance Initiative Benchmark (apparel, food, beverage, and high-tech) have severe and systemic impacts on freshwater resources.

Outcome-oriented target A target designed to specify meaningful reductions in risk to address shared water challenges and can be either quantitative or qualitative (e.g., reducing water consumption or increasing water efficiency) (WRI Developing Enterprise Water Targets).

Partial direct operations/supply chain Company has included only a portion of its direct operations or suppliers (tiers) in its water risk assessments, targets, and disclosures related to water quantity and water quality.

Point and nonpoint pollution Point source pollution occurs when water is discharged into the waterbody from a specific, identifiable location (e.g., industrial waste from a factory). Nonpoint source pollution refers to pollutants dispersed over land and entering waterbodies in an undefined and diffused manner (e.g., fertilizer runoff from a farm) (GRI 303: Water and Effluents).

Pollutants of concern Water pollutants are physical (including thermal), biological, or chemical agents (organic, inorganic substances or heavy metals) that have the direct or indirect potential to negatively modify/contaminate water bodies and/or water ecosystems or affect human health linked to their business operations and products. This may include inorganic pollutants, nutrients, and oxygen-demanding pollutants, pathogens, and synthetic organic compounds (CDP Corporate Questionnaire 2024—Glossary).

Process-oriented Specific goal/target set by the company to reduce water risk and address shared water challenges (e.g., a company may commit to implement a water stewardship program for all priority facilities within a given timeframe) (WRI Developing Enterprise Water Targets).

Risk-differentiated An approach that establishes more ambitious targets for facilities or regions identified as high water risk (e.g., a company may set a 25% improvement in water use efficiency for "high risk" facilities compared to a 15% target for all other facilities) (Feeding Ourselves Thirsty Methodology).

Salient issue Social issues that may not currently represent a fiduciary duty in the short-term but could have future financial implications. These issues can be identified by assessing the company's environmental and social impact. For instance, salient issues include a human right that is at the most significant risk of experiencing severe negative impacts due to a company's operations or business relationship (UNGP Reporting Glossary).

Science-based target A target informed by scientific data, ecological thresholds, and water resource availability, and other scientific insights, ensuring that the companies' water-related actions are grounded in the best available scientific knowledge and contribute to sustainable water management (WBCSD FAN Tool). For instance, the Science Based Targets Network (SBTN) offers a methodology for establishing science-based targets for freshwater.

Supply chain Range of activities conducted by entities upstream of the organization that provide products or services utilized in developing the organization's own products or services (GRI 303: Water and Effluents).

Target See "Goal" above.

Water consumption The volume of water withdrawn from a freshwater source that is not returned to that source after use. Water is considered consumed due to evaporation or being incorporated into a product. For example, water that is used as an ingredient in a beverage and therefore does not return to the basin is considered to be consumed. Water is also considered to be consumed if it is returned to a different catchment or the sea (CEO Water Mandate).

Water discharge The total volume of effluents and other water released from the organization's boundary into surface water, groundwater, or to third parties over the reporting period (CDP Corporate Questionnaire—Glossary).

Water risk The possibility of an entity experiencing a water-related challenge (e.g., water scarcity, water stress, flooding, infrastructure decay, drought). The extent of risk is a function of the likelihood of a specific challenge occurring and the severity of the challenge's impact (CEO Water Mandate).

Water risk assessment A comprehensive evaluation of water risks associated with a company's operations and supply chains. To align with the 2030 ambition of the Corporate Expectations for Valuing Water, companies should map their direct operations and supply chain footprint against associated water risks. This analysis must consider watershed specific challenges, water dependence and materiality, ultimately identifying the magnitude of water risks for both the company and key suppliers. The results enable companies to develop risk differentiated and contextual water targets, particularly in high risk watersheds. Tools to assess watershed conditions include WRI's Aqueduct, WWF Water Risk Filter, and Maplecroft water risk data.

Water withdrawal The volume of freshwater extracted from a surface or groundwater source, without accounting for how much is returned to the source after use (CEO Water Mandate).

Water-scarce areas/high water stress/high water quality stress/priority locations Classification of areas at significant risk of water stress, determined by the tools and methods used by the company for conducting its water risk assessment (see "Water risk assessment" above).