

CDP Water 2016

Training: Turkey

Kristian Hardiman

Senior Technical Officer

Agenda

- ▼ 1: Global water challenges
- ▼ 2: Responding to Water Challenges
- ▼ 3: Benefits of disclosing CDPs Water information request
- ▼ 4: Increasing CDP's impact – Scoring
- ▼ 5: Discussion: Corporate water issues in Turkey

1: Global water challenges

Company risks & investor interest



To catalyse action to improve water security.

- Vision, CDP's water program



Water: a critical business issue

An unprecedented global crisis

Our climate is changing and we are facing unprecedented global economic challenges:

▼ By 2030 the global population is expected to increase by **18.5%** to **8.3 billion**;

▼ A global **shortfall of 40%** is expected for water supply versus demand **by 2030**; and

▼ Business as usual water management will put at risk **\$63 trillion** or **1.5 times** today's global economy.

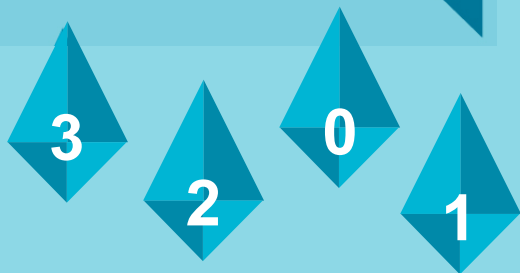


Top 10 risks in terms of Impact

- 1 Failure of climate-change mitigation and adaptation
- 2 Weapons of mass destruction
- 3 Water crises
- 4 Large-scale involuntary migration
- 5 Energy price shock
- 6 Biodiversity loss and ecosystem collapse
- 7 Fiscal crises
- 8 Spread of infectious diseases
- 9 Asset bubble
- 10 Profound social instability

Water is a business issue now

**More than 3201
substantive water risks
were reported in 2015**



A stable supply of good quality fresh water can no longer be guaranteed in many regions. CDP's 2015 Global water report found:

- ▼ Two thirds of respondents report exposure to substantive business risks from water.
- ▼ 44% anticipate these water risks to materialise in the next three years.
- ▼ More than a quarter (27%) were negatively impacted in the reporting period with financial impacts totalling more than US\$2.5 billion

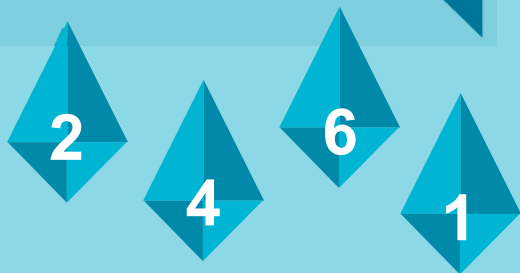
Worsening water security is stranding assets



Barrick Gold suspends construction on its Pascua-Lama mine project after investing US\$8.5 billion due to over concerns about local groundwater pollution and stringent permitting conditions.

It's not all risk

More than 2461
business opportunities
identified through our
water program in 2015



Strategic water stewardship efforts reduces risk, enhances strategic preparedness, improves investor appeal and makes businesses **more resilient**:

- ▼ 73% of responding companies report that water offers operational, strategic, or market opportunities
 - ▼ Increased brand value
 - ▼ Cost savings
 - ▼ Supply chain resilience
- ▼ However, only 23% have a plan to capitalize on operational, strategic or market opportunities.

Opportunity through innovation



Unilever have developed an in-home water purifier, Pureit, which provides drinking water that is “as safe as boiled”™ without the need for gas, electricity or a pressurised water supply.

Opportunity through innovation

Associated British Foods plc

Associated British Foods in partnership with suppliers, are working to reduce the environmental impact of textile production. Supplier training programs on how to reduce water, chemical and energy use, and ensuring wastewater is treated properly have been implemented

Realizing the true value of water



Investor interest in CDP's water data

About CDP

About CDP

What we do

- ▼ **Work with investors**
- ▼ **Climate change program**
- ▼ **Water program**
- ▼ **Supply chain program**
- ▼ **Forests program**
- ▼ **Cities program**
- ▼ **Work with governments & policymakers**

A not-for-profit that has pioneered and provides the only global natural capital disclosure system for companies and cities to measure, manage and share vital environmental information.

We play a critical role in driving the transition towards sustainable economies.

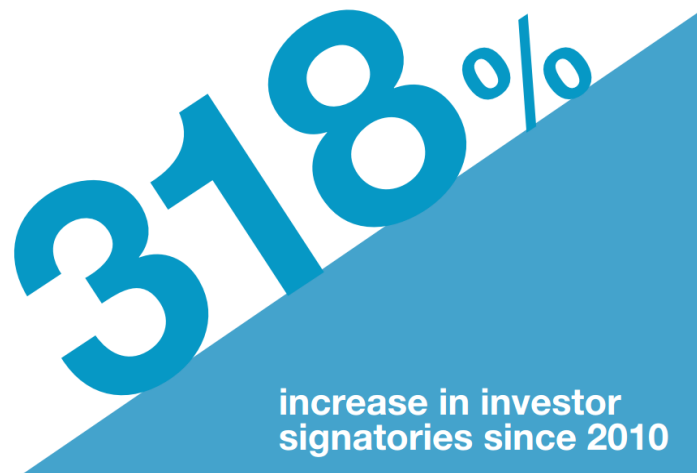
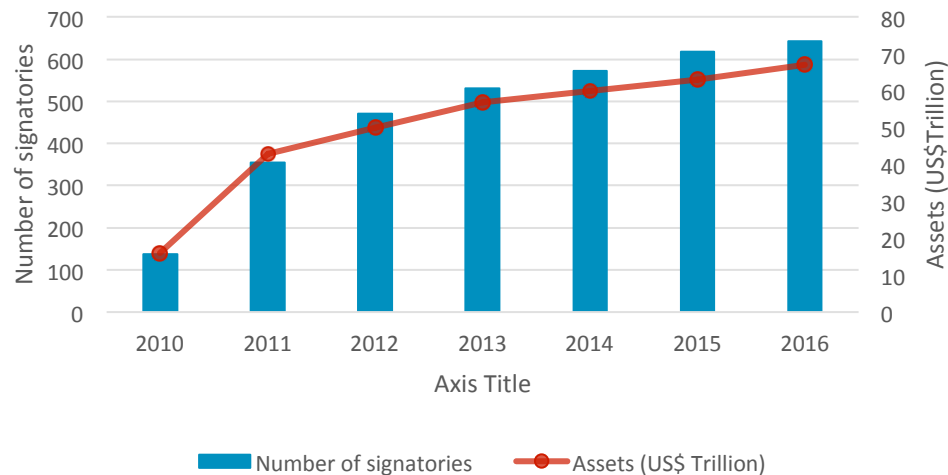
Investor 2016


643 investor signatories

US\$67 trillion in assets

Investors have woken up to water risk

CDP Signatories & Assets: 2010 - 2016






The continued development of CDP's water program and risk-related response data, together with the introduction and testing of scoring in 2014, is an important milestone in helping investors secure valuable information in their investment decision process

Norges Bank






CDP Water survey provides a very strong layer of risk management coverage to the CalSTRS Global Equity and total fund portfolios. The companies that receive the CDP Water survey represent 18% of our total investment portfolio and 36% of our global equity portfolio.

CalSTRS



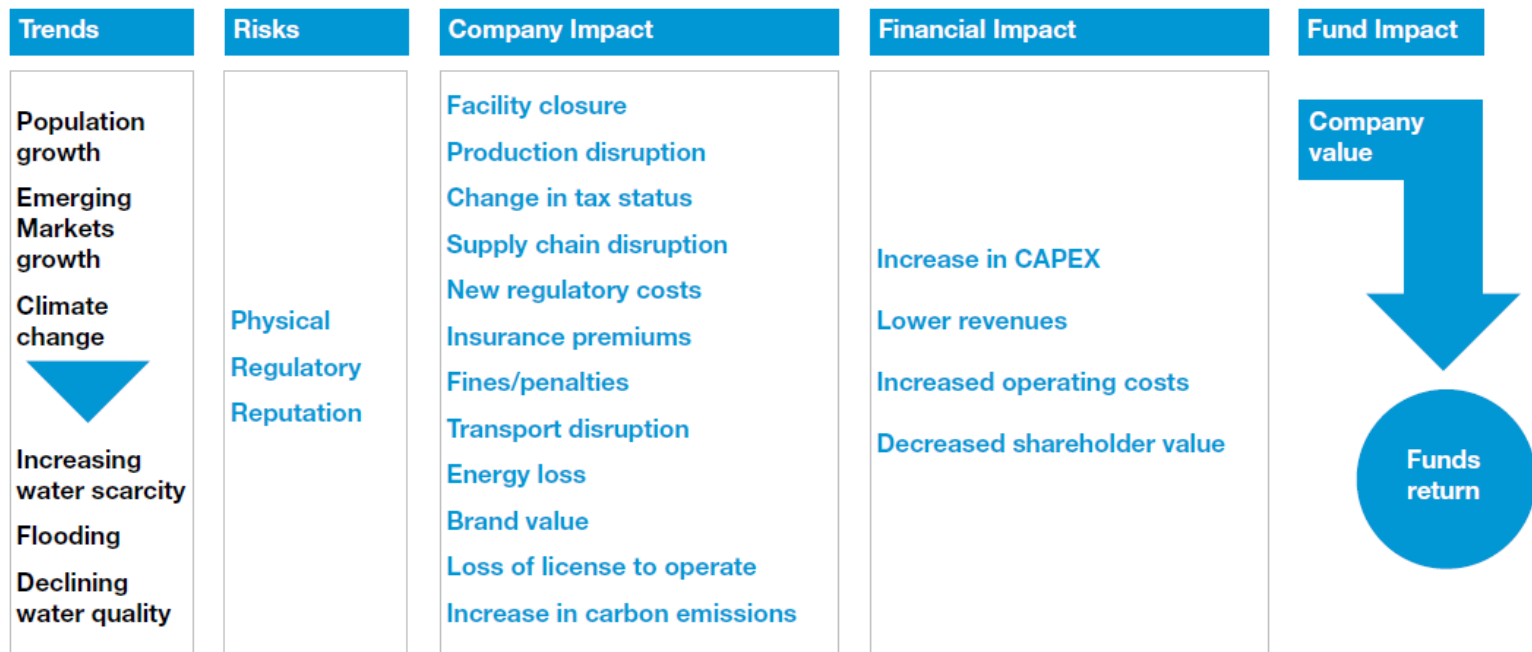


ICCR uses CDP's water data to understand companies' water-related risk exposure and water stewardship opportunities.

ICCR



Water is a material issue for investors



CDP provides the most comprehensive collection of water data, including qualitative information and quantitative metrics. This data is being used by a variety of investment professionals to support investment related decisions and activities.

Investor intervention in 2015

- ▼ Pension funds are preparing to vote
- ▼ Sell-side is reacting
- ▼ Corporate water risk valuation is maturing
- ▼ Money is beginning to flow

What's driving investor interest

Water insecurity - the case for action

Demand for water is expected to increase in all sectors of production (WWAP, 2012):

▼ **BP** projects a **36% increase** in global energy consumption by 2030;

▼ The **IEA** expects water consumption in power generation to **rise by 85%** by 2035; and

▼ The **UN** predicts a **70% increase** in food demand by 2050.

Investor attitudes have changed over the last five years, as there is increasing recognition that there are environmental limits to economic growth. CDP data helps us to analyse companies on the sector level comparing performance against their peers, understanding how companies are addressing risks and also looking at opportunities.

- Schroders (\$ 447 billion)

Water insecurity – the case for action

- ▼ The **UN** predicts a **40% global shortfall** in water supply by 2030;
- ▼ They also report excessive loads of nitrogen and phosphate, from intensive agriculture, industrial production and mining amongst other things, are **degrading the quality of the water we have left**; and
- ▼ **NASA** reports groundwater is being depleted to the point where **regional water availability is threatened**.

Regulators are responding and businesses are facing a new norm. CDP's water program supports companies and investors to respond to this crisis in a meaningful and robust way.

Key investor concerns

- ▼ Water availability and scarcity poses '**limits to growth**' and '**license to operate**' questions for investors;
- ▼ Companies and suppliers face **disruptions** to their business if water runs out; and
- ▼ Companies run the risk of finding themselves **in conflict with communities** over access to water.

Key investor questions

- ▼ Are any of your operations or critical suppliers exposed to water risks – regulatory, operational or reputational?
- ▼ What systems do you have in place to manage your water risks in direct operations and supply chain?
- ▼ How confident are you that you will have access to the quantity and quality of water required to operate now and in the future?

Opportunities exist

▼ **73%** of companies report operational, strategic or market opportunities, however only **23%** of reporting companies are able to capitalize on these



Investors demand more data

CDP continues to hear investor demand for data

▼ PGGM (\$140 Billion)

“As the manager of about €140 billion of pension assets, water risk is affecting PGGM investments in a variety of ways. The problem however, is that the business value at water risk remains unclear because company information on water is rarely comparable and meaningful. CDP’s work on improving and standardizing water risk disclosure is therefore vital in helping PGGM assess the water risk in our portfolios.”

▼ JP Morgan (\$1.5 trillion)

“Corporate disclosure of water-related risk is seriously inadequate ...The financial impact of water shortages on sectors and companies is unclear, because information on water use data and impacts is spotty and partial.”



2: Responding to water challenges

To eliminate the negative effects of water use and catalyse meaningful action to protect the resource

Supply Chain 2015

20 global purchasers

US\$216 billion procurement spend

2016 supply chain members

▼ Catalysing water stewardship amongst suppliers allows purchasing companies to increase their knowledge of indirect water impacts whilst promoting actions to reduce risks and increase supply chain resilience

BMW Group  **COLGATE-PALMOLIVE COMPANY**

 **Imperial Tobacco**

 **BRITISH AMERICAN TOBACCO**







JUNIPER
NETWORKS



L'ORÉAL

NISSAN MOTOR CORPORATION







PHILIP MORRIS INTERNATIONAL

Braskem


Unilever

Key findings of CDP's 2015 Global Water Report

Acting to improve water security remains a business imperative for many

▼ **Two thirds** of respondents report exposure to substantive business risks from water.

▼ **44%** anticipate these water risks to materialise in the next three years.

▼ **More than a quarter** (27%) were negatively impacted in the reporting period with financial impacts totalling more than US \$2.5 billion.

▼ **73%** of respondents report that water offers operational, strategic, or market opportunities.

Number of risks reported

3201

Respondents reporting opportunities

73%

Corporate water stewardship is better understood, and leaders are emerging

- ▼ 8 companies joined CDP's Water A List.
 - ▼ Leading companies are beginning to take a holistic view of water issues at a river basin level across their value chains.
 - ▼ Leading companies are beginning to factor water stewardship into integrated, strategic business planning.
 - ▼ Leading companies are beginning to think critically about their future growth trajectories and how to build resilience in a water constrained future.
-



CDP's Water A List

A List leaders

CONSUMER DISCRETIONARY

Ford Motor Company (USA)
Toyota Motor Corporation (Japan)

CONSUMER STAPLES

Asahi Group Holdings, Ltd (Japan)
Colgate Palmolive Company (USA)

INFORMATION TECHNOLOGY

Rohm Co., Ltd. (Japan)

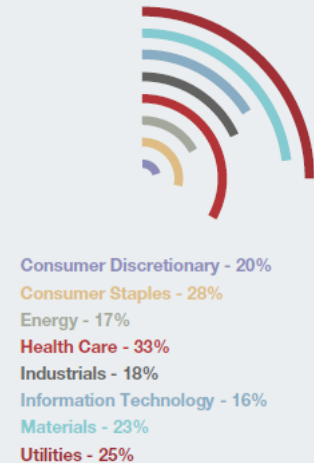
MATERIALS

Harmony Gold Mining Co Ltd (South Africa)
Kumba Iron Ore (South Africa)
Metsä Board (Finland)

A gap exists between leaders and the rest of the market

- ▼ Only 38% of companies requested to disclose by investors did so - 668 companies failed to respond.
- ▼ Almost half of companies (48%) do not regularly measure and monitor water withdrawals, discharges and consumption.
- ▼ Barely a quarter (26%) undertake comprehensive water risk assessments that factor in river basin issues such as regulatory changes or stakeholder conflicts

Figure 9: Respondents that undertake water risk assessments at the river basin scale



A gap exists between the leaders and laggards

- ▼ Just 11% have water policies that can be considered robust and comprehensive.
- ▼ Less than a fifth (18%) ensure strategic responsibility for water management resides at the board level.
- ▼ Only 23% have a plan to capitalize on operational, strategic or market opportunities



Disclosure drives positive business action on water

▼ Companies engaging with CDP for the past 5 years are now more able to identify risks;

▼ Almost two-thirds (64%) of these companies report that oversight of water policy, strategy and planning now rests at board level, up from 57% in 2011;

▼ These companies are increasingly requesting their suppliers to report on water use, risks and management – rising from just 25% in 2011 to 45% this year.



Company action: case studies

Physical risks: São Paulo drought

▼ French utilities giant **ENGIE** reports a reduction in revenue resulting from the ongoing drought in Brazil.

▼ In 2014, the financial impact of the unfavourable hydrology was reported to cost the organization approximately **US \$223 million**, almost **3% operating income** in 2014.



Tightening regulatory requirements

27%

More than a quarter of respondents have already seen water risk manifest itself as a detrimental impact to their business in the last reporting year.

▼ Canadian energy company **Suncor Energy Inc** reports potential capital expenditure and operation costs of **US\$165million** to meet tighter regulatory requirements on refinery wastewater discharge, about **2.5% 2014 capex**

Future business problems in Turkey?

- ▼ IPCC (2012) predictions that drought in Turkey, particularly the western and southern coastlines, will face longer and more intense droughts
- ▼ National energy policies focus on enlarging the domestic energy supply

3: CDP's 2016 water information request

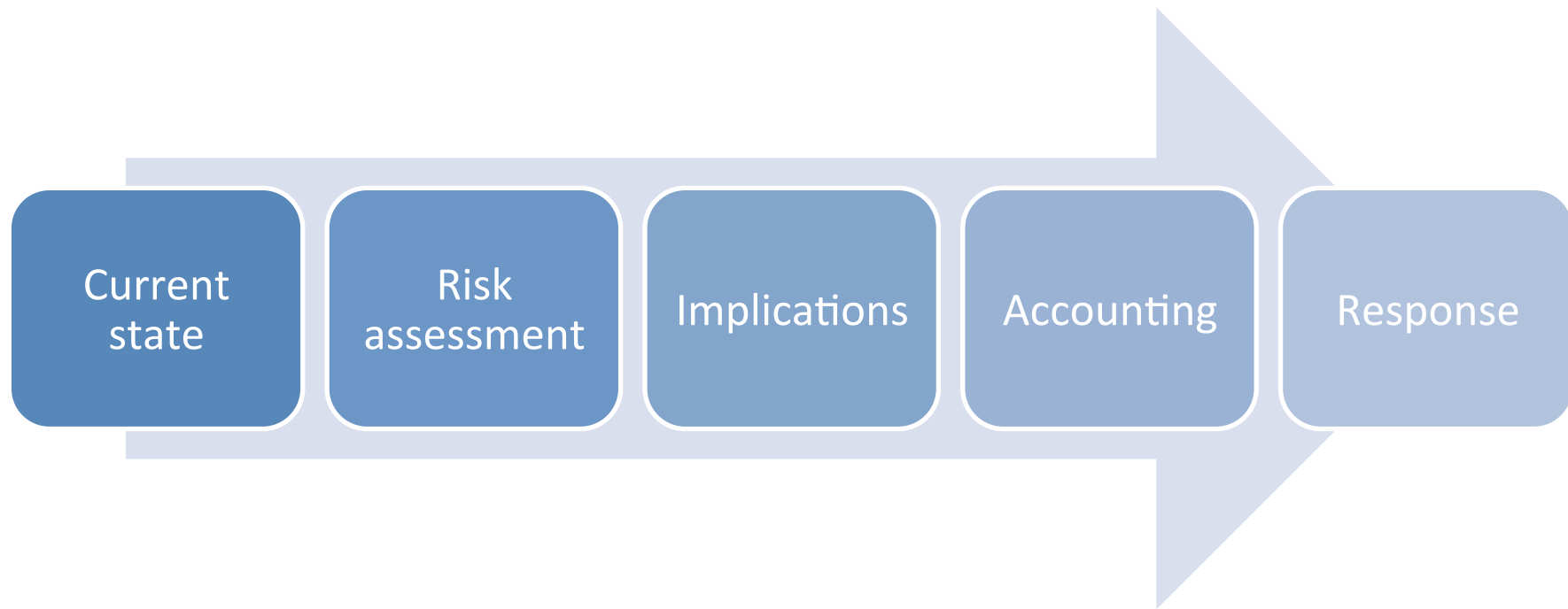
Why to respond and where to start



Water reporting challenges

- ▼ Water is a local or hyper-local issue
- ▼ Water issues are complex
- ▼ Few agreed standards
- ▼ Best practice is emerging

CDP's water information request – a journey to stewardship



CDP's water information request

▼ Six modules

1. Current state (context, company-wide water accounting, supplier reporting, water impacts)
2. Risk assessment (procedures and requirements)
3. Implications (water risks & opportunities)
4. Accounting (facility-level water accounting)
5. Response (governance & strategy, compliance, targets and initiatives)
6. Linkages and trade-offs

CDP's 2016 Water Information Request

CDP works to catalyze action to improve water security. In 2015, 617 investors with over US\$63 trillion in assets backed CDP's water information request.

The following set of questions form CDP's 2016 water information request. Companies are asked to answer these questions in the Online Response System (ORS) provided by CDP through its website. As such, this document is a representation of the request and whilst the questions will remain the same, the format may differ online particularly where drop down options and tables have been included for ease of response. Guidance is available on the CDP website from December 2015 which details all of the options available and provides screen shots of the ORS to aid companies in completing the request.

We request a reply to the following questions by 30 June 2016.

Please respond to the information request using our Online Response System (ORS). This is the same ORS as is used for CDP's 2016 climate change and forests information requests. In early February 2016, instructions on how to access the ORS will be sent to you by email. If you are unable to respond via the ORS, please email respond@cdp.net. In addition to investor signatories requesting your response, you may also be asked to share your response with the members of CDP's supply chain program if they are your customers. In this case, you will be notified by email in early April 2016 and asked for your approval for this.

We encourage companies to consult CDP's 2016 water reporting guidance and CDP's 2016 water scoring methodology at www.cdp.net/guidance, as well as refer to the guidance within the ORS. CDP's investor signatories are requesting this information to increase their confidence that you are aware of the water risks your organization faces as well as working to develop comprehensive risk

The value of disclosure

Water Stewardship and Disclosure will:

- ▼ Require companies to ***enhance their understanding*** of the issues, risks and opportunities in their own businesses;
- ▼ Support efforts to ***develop standard measures*** and performance benchmarks;
- ▼ Provide companies, investors and other data users with ***better information***;
- ▼ ***Encourage and support meaningful action*** and dialogue; and
- ▼ ***Enhance business resilience and water security.***

Benefits of responding

Investor communication

Demonstrate to investors your proactive approach towards addressing water risk

Stakeholder communication

Increase your transparency and effectively communicate to your stakeholders

Internal risk management

Improve the resilience of your supply chain

Benchmarking

Compare your performance to industry peers and progress

Opportunities

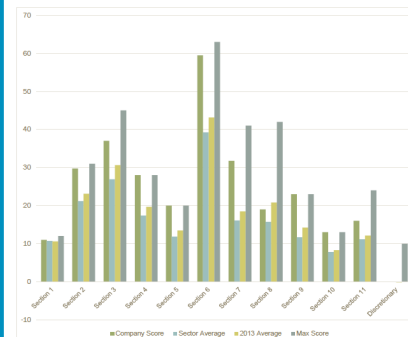
Seize the opportunities associated with improved water stewardship

Improve performance

Lay groundwork for internal goals and benchmarks and enhance existing water management efforts

Reduce reporting burden

Report to multiple investors and customers through a standardised, central system





Using CDP's water questionnaire as a framework, we have benchmarked our strategies for addressing water-related impacts against sector peers, supporting us to further advance water stewardship in our direct operations and wider supply chain.

Mars Inc.



Disclosure drives positive business action on water

According to CDP's 2015 Global water report, companies engaging with CDP for the past 5 years:

- ▼ Are now more able to identify risks, 60% in 2015 up from 55% in 2011;
- ▼ 64% report that oversight of water policy, strategy and planning now rests at board level, up from 57% in 2011;
and
- ▼ 45% now request their suppliers to report on water use, risks and management – up from just 25% in 2011.

Current State module

Aims to establish the dependency of a company's business (both direct and indirect) on access to adequate volumes of good quality water for their current operations and future growth.

▼ **For companies:** Companies will need to assess how important access to adequate volumes of good quality water is to their organization, throughout their value chain, to begin to understand where and how water may affect current and future growth plans.

▼ **Investor insight:** Investors seek to understand the importance of water to a company and how water might impact current and future growth potential at the corporate level.

Current State: W1.Context



Risk assessment module

Aims to establish the processes and procedures companies have implemented in their risk assessment. In absence of a globally recognized verification standard on water risk assessments, the section provides insight as to the robustness and integrity of an organization's risk assessment, establishing how well a company understands the full range of potential water risk drivers.

▼ **For companies:** Companies should be able to provide evidence of a robust risk assessment including information as to the frequency, geographic scale and timeframe assessments are completed and identify the contextual issues and stakeholders included.

▼ **Investor insight:** Investors seek confidence that a company has evaluated all potential water risk drivers; they are looking for evidence that organizations have a complete and comprehensive understanding of their exposure to water risk.

Risk assessment: W2.Procedures and requirements section

Water risks assessed

- ▼ Risk assessment procedures
- ▼ Frequency
- ▼ Methodologies
- ▼ Contextual issues considered
- ▼ Stakeholders considered
- ▼ Evaluation of water risks in future growth strategy?

Water risks not assessed

- ▼ Degree of importance to business
- ▼ In progress?
- ▼ Lack of internal resources
- ▼ No instruction from management

Implications module

Aims to establish the consequences (risks) of the details provided in earlier sections. Companies are also invited to share any operational or market opportunities that could substantively benefit their business.

▼ **For companies:** Companies should provide information for those risks and opportunities that impact their business at the corporate level (risks and opportunities , current or future, that could generate a substantive change in business, operations, revenue or expenditure) as well as the associated mitigation and exploitation strategies.

▼ **For investors:** Companies should provide information for those risks and opportunities that impact their business at the corporate level (risks and opportunities, current or future, that could generate a substantive change in business, operations, revenue or expenditure) as well as the associated mitigation and exploitation strategies.

Implications: W3. Water risks

- ▼ Report corporate level substantive water risk only
- ▼ See water guidance document for reporting assistance
- ▼ The term 'facilities' can be interpreted broadly

Implications: W4. Water opportunities

- ▼ ***Investor insight:*** Investors assess the data provided to understand whether:
 - ▼ A company is exposed to any business opportunities related to water;
 - ▼ A company has a strategy to realize these risks; and
 - ▼ The estimated timeframe within which to achieve expected outcomes

No question changes from
2015

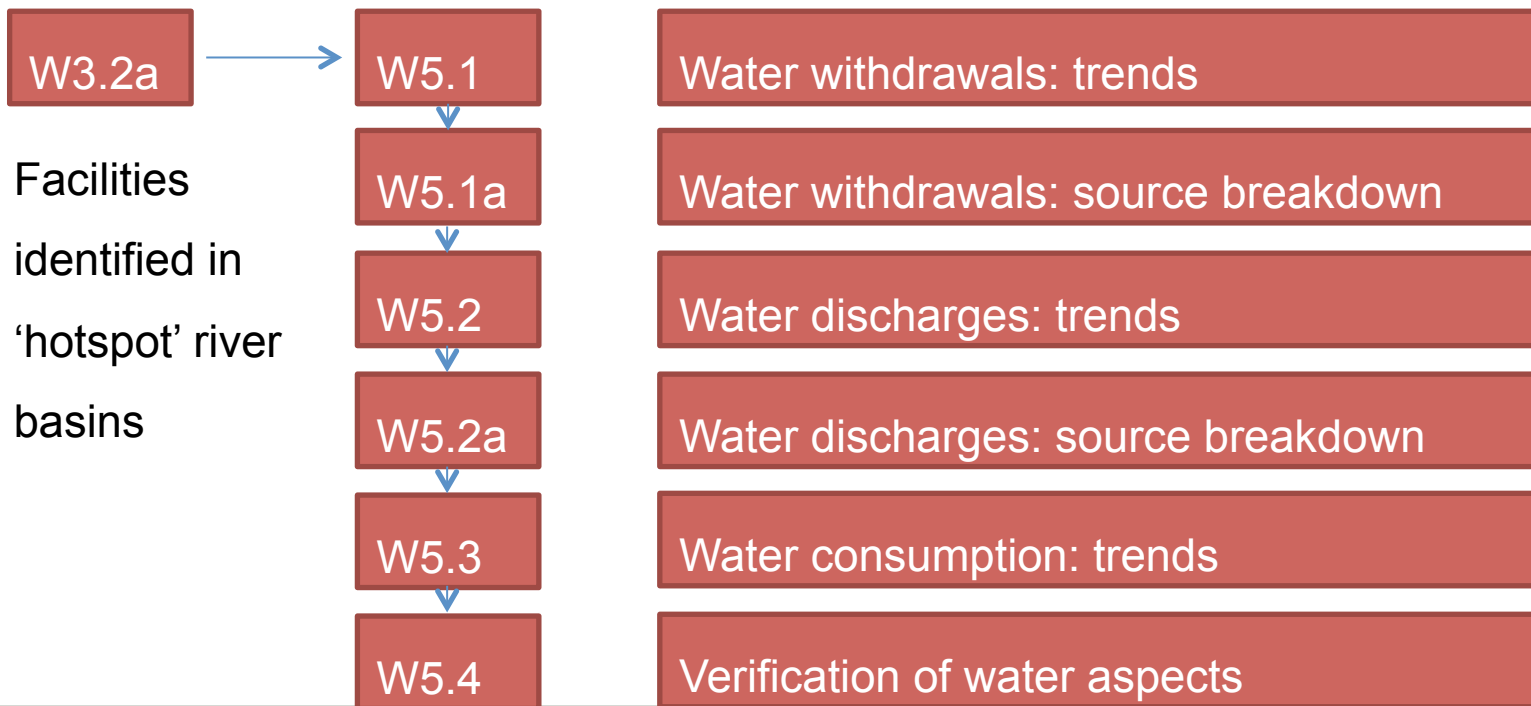
Accounting module

Asks companies to disclose facility level water accounting data in an effort to understand how a company uses and impacts water resources at 'hotspot' or 'at risk' facilities identified in W3.2a (Implications).

▼ **For companies:** Companies are asked to provide accounting data of key water aspects for those facilities determined to be 'at-risk'.

▼ **Investor insight:** Investors use a company's ability to measure, monitor and disclose key accounting data as a proxy for sound risk assessment and management at those facilities.

Accounting: W5. Facility level water accounting



Response module

Aims to establish the corporate response to water.

▼ **Investor insight:** Similar to the accounting section, investors use evidence of good corporate governance as a proxy for sound water management at a local level. Key data points include the level of direct responsibility for water within an organization, the comprehensiveness of the water policy and what, if any, fines/penalties a company was subject to.

▼ **For companies:** This section is comprised of three subsections;

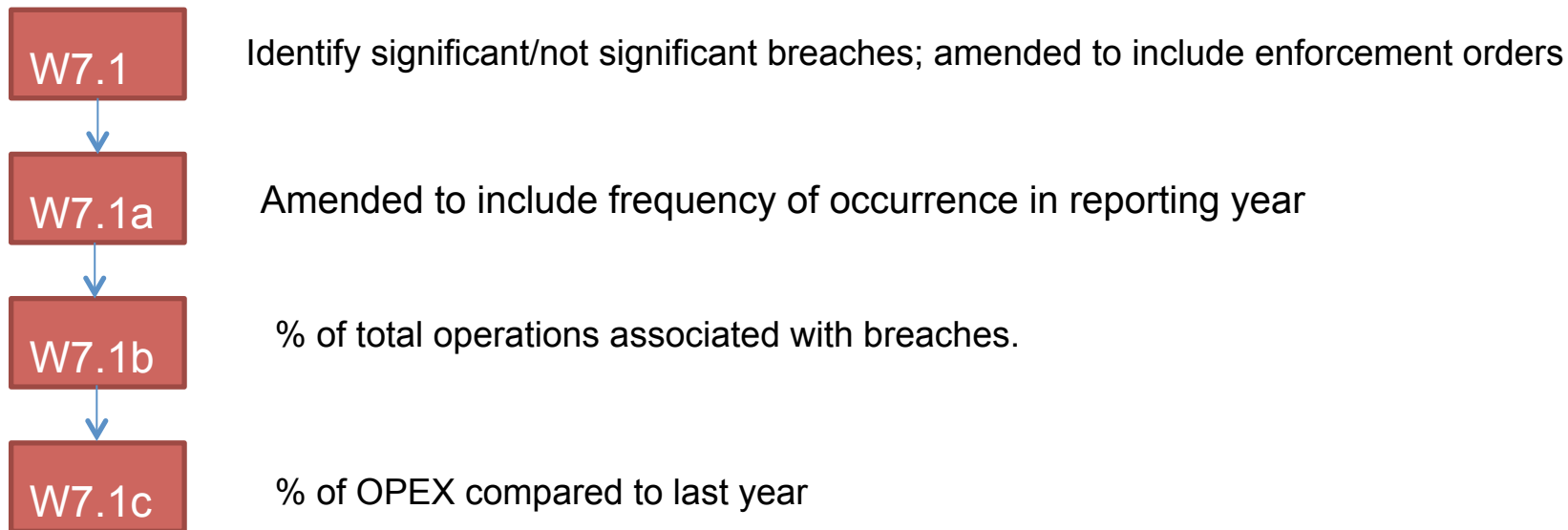
- Governance & Strategy - Has a company created systems and developed plans designed to improve its water performance and reduce water-related risks and impacts?
- Compliance - Does a company comply with applicable regulations, benchmarks and standards?
- Targets and initiatives - Has a company set targets (quantitative) or goals (qualitative) related to water **that are appropriate to influence or impact on the company's bottom line i.e. company-wide?**

Response: W6. Governance & strategy

- ▼ Highest level of accountability
- ▼ Frequency of briefing
- ▼ Positive and negative influences on your business strategy
- ▼ Water policy content
- ▼ Investment and operating costs related to water

No question changes from
2015

Response: W7. Compliance



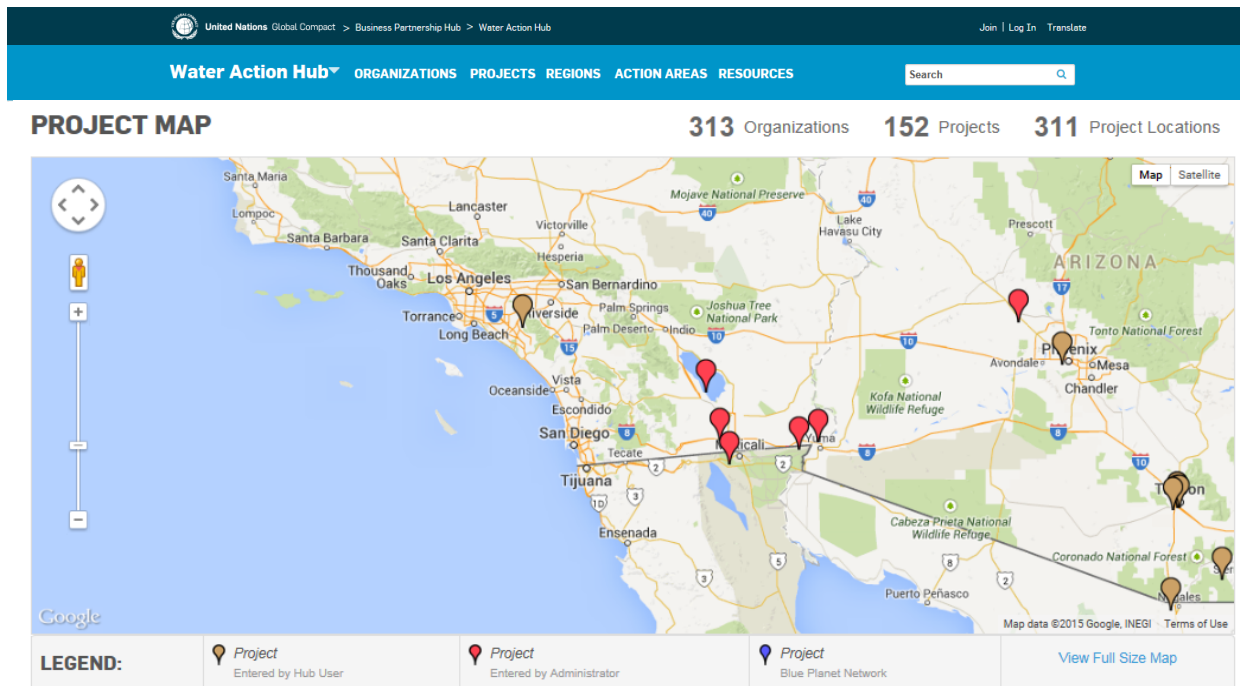
Response: W8. Targets and initiatives

- ▼ Corporate response to water risk and opportunities;
- ▼ Targets should reflect the risks reported and be measurable
- ▼ Motivation behind targets very important

Linkages and trade-offs: W9. Linkages and trade-offs

- ▼ Linkages and trade-offs identified and/or considered when taking actions to manage risks or pursue opportunities related to water and other environmental issues
- ▼ Reporting on holistic management of environmental issues
- ▼ 2016 – may develop this question further

Water Action Hub



<https://wateractionhub.org/>

Top tips for 2016 reporting

- ▼ Answer transparently
- ▼ Company-specific explanation
- ▼ Learn from the gaps in your information
- ▼ Assess and engage at an appropriate level
- ▼ Set appropriate targets and goals
- ▼ Emphasis should be on action not just a good CDP response

CDP offers a range of free and extensive support

- ▼ CDP water questionnaire guidance document
- ▼ CDP water scoring methodology
- ▼ CDP water reports
- ▼ CDP webinars, workshops and guidance
- ▼ CDP supply chain membership
- ▼ CDP reporter services membership
- ▼ CDP water consultancy partnerships



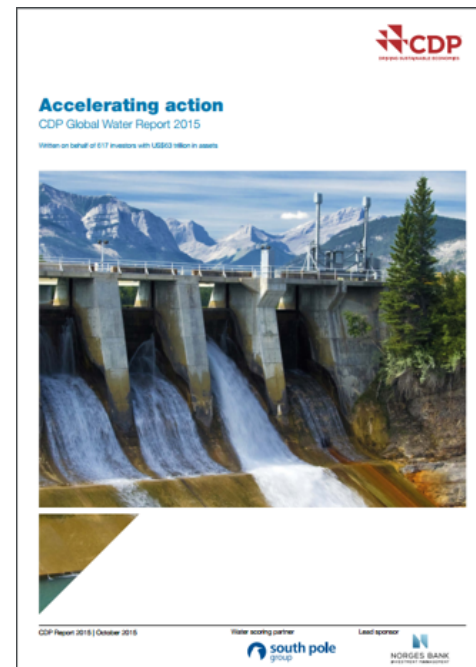
Water reporting roadmap

Water questionnaire	0. Non-responder	1. Basic response	2. Developing ability	3. Complete response	4. Best practice
0. Introduction	W0.1, W0.2, W0.3, W0.4,	W0.1, W0.2, W0.3, W0.4	W0.1, W0.2, W0.3, W0.4	W0.1, W0.2, W0.3, W0.4	W0.1, W0.2, W0.3, W0.4
1.Context		W1.1, W1.2a, W1.2b, W1.3, W1.4	W1.1, W1.2, W1.2a, W1.2b, W1.2c, W1.3, W1.3a, W1.3b, W1.4, W1.4a, W1.4b	W1.1, W1.2, W1.2a, W1.2b, W1.2c, W1.3, W1.3a, W1.3b, W1.4, W1.4a, W1.4b	W1.1, W1.2, W1.2A, W1.2b, W1.3, W1.3a, W1.3b (see scoring methodology for leadership points for this section)
2. Risk assessment		W2.1, W2.2, W2.3, W2.4, W2.5	W2.1, W2.2, W2.3, W2.4, W2.4a, W2.4b, W2.5, W2.6, W2.7, W2.8	W2.1, W2.2, W2.3, W2.4, W2.4a, W2.4b, W2.5, W2.6, W2.7, W2.8	W2.1, W2.2, W2.3, W2.4, W2.4a, W2.4b, W2.5, W2.6, W2.7, W2.8 (see scoring methodology for leadership points for this section)
3.Water risks		W3.1, W3.2,	W3.1, W3.2, W3.2a, W3.2b, W3.2c, W3.2f or W3.2g	W3.1, W3.2, W3.2a, W3.2b, W3.2c, W3.2d, W3.2e/f/g (level of detail in each response increases)	W3.1, W3.2, W3.2a, W3.2b, W3.2c, W3.2d, W3.2e/f/g (see scoring methodology for leadership points for this section)
4.Water opportunities		W4.1	W4.1, W4.1a, W4.1b, W4.1c	W4.1, W4.1a, W4.1b, W4.1c (level of detail in response increases)	W4.1, W4.1a, W4.1b, W4.1c (level of detail in response increases)
5.Facility level water accounting			W5.1, W5.2, W5.3	W5.1, W5.1a, W5.2, W5.2a, W5.3, W5.4	W5.1, W5.1a, W5.2, W5.2a, W5.3, W5.4 (see scoring methodology for leadership points for this section)
6.Governance & strategy		W6.1, W6.2, W6.3	W6.1, W6.2, W6.2a & W6.2b or W6.2c, W6.3, W6.3a	W6.1, W6.2, W6.2a & W6.2b or W6.2c, W6.3, W6.3a, W6.4	W6.1, W6.2, W6.2a & W6.2b or W6.2c, W6.3, W6.3a, W6.4 (see scoring methodology for leadership points for this section)
7.Compliance		W7.1	W7.1, W7.1a, W7.1b	W7.1, W7.1a, W7.1b, W7.1c	W7.1, W7.1a, W7.1b, W7.1c
8.Targets and initiatives		W8.1	W8.1, W8.1a, W8.1b	W8.1, W8.1a, W8.1b (level of detail in response increases)	W8.1, W8.1a, W8.1b (see scoring methodology for leadership points for this section)
9. Linkages and Trade-offs		W9.1	W9.1	W9.1, W9.1a	W9.1, W9.1a

Plan ahead to progress through levels and achieve best practice in water stewardship

Remember

- ▼ Your **investors** and **customers** request your disclosure
- ▼ Water disclosure can help you **cut costs, mitigate risks, enhance brand value** and **demonstrate** leadership
- ▼ Disclosing to CDP can **reduce reporting burden, drive performance** internally and **benchmark** against peers
- ▼ Extensive **guidance** including a menu of live webinars are available on our website:
<https://www.cdp.net/en-US/Pages/guidance-water.aspx>
- ▼ Response deadline **30th June 2016**



Key takeaways

- ▼ Increasing number of investors understand the real value of water and are using CDP to secure the value of their portfolios
- ▼ Water security is affecting business today and many risk drivers cannot be tackled alone
- ▼ Corporate water stewardship is emerging as a viable way to address corporate water challenges, enhance shareholder confidence and boost water security for all

4. Scoring

2016 Water Scoring

respond@cdp.net

Why score water?

▼ Water scoring is a tool to drive action on water stewardship



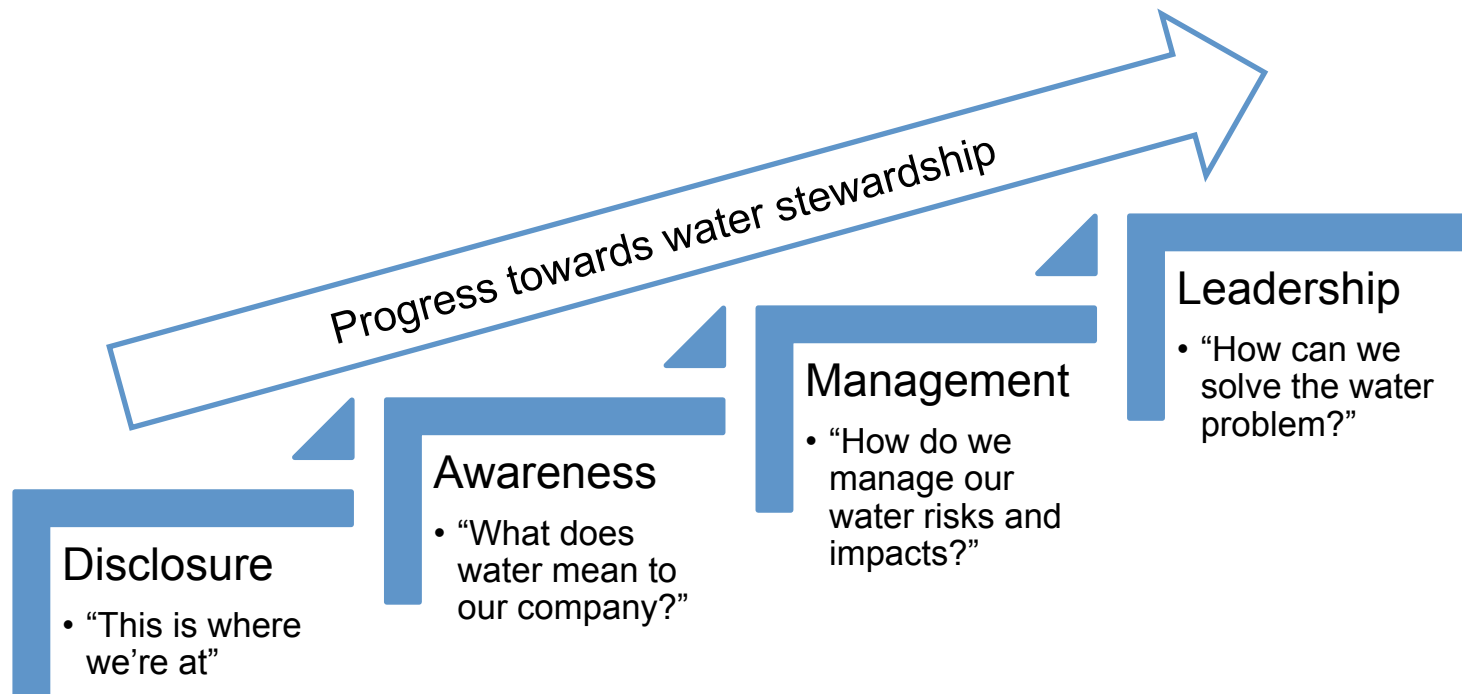
Impacts of scoring

- ▼ Positive behaviour change
- ▼ Data quality
- ▼ Recognition
- ▼ Benchmarking
- ▼ Education

Water scoring challenges

- ▼ Water is a local or hyper-local issue
- ▼ Water issues are complex
- ▼ Few agreed standards
- ▼ Best practice is emerging

CDP's approach: scoring in levels



The approach: CDP water scoring by levels

What the levels will measure: Disclosure

- ▼ **Disclosure** – measures completeness and comprehensiveness of the CDP response
- ▼ Early stage companies can still get a good disclosure score
- ▼ Every question has disclosure points available
- ▼ Disclosure is the first step because: it is the place to start

What the levels will measure: Awareness

- ▼ **Awareness** will be automatically scored based on a subset of questions
- ▼ Identifies and rewards companies who have looked at the implications of water for and on their business
- ▼ Recognises high level, contextual knowledge of water issues
- ▼ It's the second step because: awareness is a basis for action

What the levels will measure: Management

- ▼ **Management** criteria relate to water management actions
- ▼ Management scoring seeks company-specific understanding of water related issues
- ▼ Management scoring will be manual
- ▼ Management is the third step because: broad-based action precedes developing excellence

What the levels will measure: Leadership

- ▼ Leadership will be based on companies disclosing particular actions which mark them as leaders, as well as high scores across all other levels
 - ▼ Leadership will be scored manually
 - ▼ Leadership scoring requires detailed company-specific explanations
 - ▼ The requirements to achieve leadership level in 2015 will be challenging, but achievable
-

Scoring process and thresholds

- ▼ Scores will be calculated as a percentage
- ▼ A minimum score or threshold must be achieved on one level before a company will be scored on the next level.
- ▼ This incentivises:
 - complete reporting
 - action based on assessment of risks and impacts
 - consistent progress across different areas
- ▼ The score in the highest of the 4 levels achieved determines the final score

2016 Water scoring categories

Water scoring categories 2016

- ▼ Categories are groupings of questions by topic
- ▼ They provide a breakdown of a company's score
- ▼ Categories indicate areas of strength and weakness
- ▼ Shared with responding companies and investors to give feedback on a company's performance

2016 Water categories

▼ Context

▼ Risk
assessment

▼ Governance &
strategy

▼ Risks & response:
direct operations

▼ Risks & response:
supply chain

What the categories measure

Context	Measures understanding of how water impacts the business, and how the business impacts on water and the ability to consolidate and report this information.
Risk assessment	Measures ability to comprehensively assess water related risks
Governance and strategy	Measures the extent to which the company has policies and structures in place to actively manage water at the corporate level.

Risks and response categories

▼ These categories allow a more detailed look at the main sources of risk for a company, and its response

Risks & response: direct operations	Measures the ability to account for water data and water risks from direct operations
Risks & response: supply chain	Measures the ability to gather information on water and water risks from the supply chain

Water category points breakdowns as %

	Disclosure Denominator Minimum	Disclosure Denominator Maximum	Awareness Denominator Minimum	Awareness Denominator Maximum	Management Denominator Minimum	Management Denominator Maximum	Leadership Denominator Minimum	Leadership Denominator Maximum
% Context	30%	30%	26%	26%	16%	14%	12%	15%
% Governance & strategy	15%	15%	14%	13%	25%	26%	35%	31%
% Risk assessment	15%	15%	28%	33%	26%	27%	23%	30%
% Risks & response: direct operations	30%	30%	23%	20%	28%	25%	24%	16%
% Risks & response: supply chain	10%	10%	9%	8%	9%	8%	5%	8%

▴ Percentages of points in each category vary substantially according to the question routes chosen (min and max routes shown here)

5. Discussion

Discussion: Corporate water issues in Turkey

- ▼ What are the key water issues in Turkey, and how do they affect your company?
- ▼ Collecting better water data – challenges and how to overcome them
- ▼ Stakeholder engagement on water – what dialogues *are* happening, and what dialogues *should be* happening now?