

Supplier Support Webinar

Hosted by Xylem and CDP

April 29, 2021



Speakers



Donna Laviolette – Senior Manager, Global Sustainability
Andrea Montuori – Procurement Sustainability Manager



Michele Riotta – Account Manager

Contents



- ▼ Xylem's Supply Chain Sustainability
- ▼ CDP Overview
- ▼ Disclosure 101
- ▼ Target Questions for Suppliers
- ▼ Best Practice Reporting and Support

Contents



- ▼ **Xylem's Supply Chain Sustainability**
- ▼ CDP Overview
- ▼ Disclosure 101
- ▼ Target Questions for Suppliers
- ▼ Best Practice Reporting and Support

Building a Sustainable Supply Chain



Xylem Sustainability 2025 Framework



Andrea Montuori – Procurement Sustainability Mgr
 Jackie Benavides – Supplier Diversity & Compliance Mgr

2025 SUPPLY CHAIN SUSTAINABILITY GOALS

DRIVE SUPPLIER CSR



Suppliers will disclose sustainability information via EcoVadis (equivalent) system

Launched in 2020

REDUCE ENVIRONMENTAL IMPACT



Suppliers will provide Scope 1 & 2 GHG emissions and water usage via CDP Supply Chain

Launching NOW!

MITIGATE SUSTAINABILITY RISK



Engage Sustainability Critical suppliers in audit program and corrective action plans

Launching in 2021

EMBRACE DIVERSITY



Implement a supplier diversity program in the US and increase diverse supplier spend

Launched in 2020

COMMIT TO SAFE WATER AND SANITATION FOR ALL



Suppliers will take the WASH Pledge for the workplace

Launched in 2020

Xylem CDP Disclosure Experience

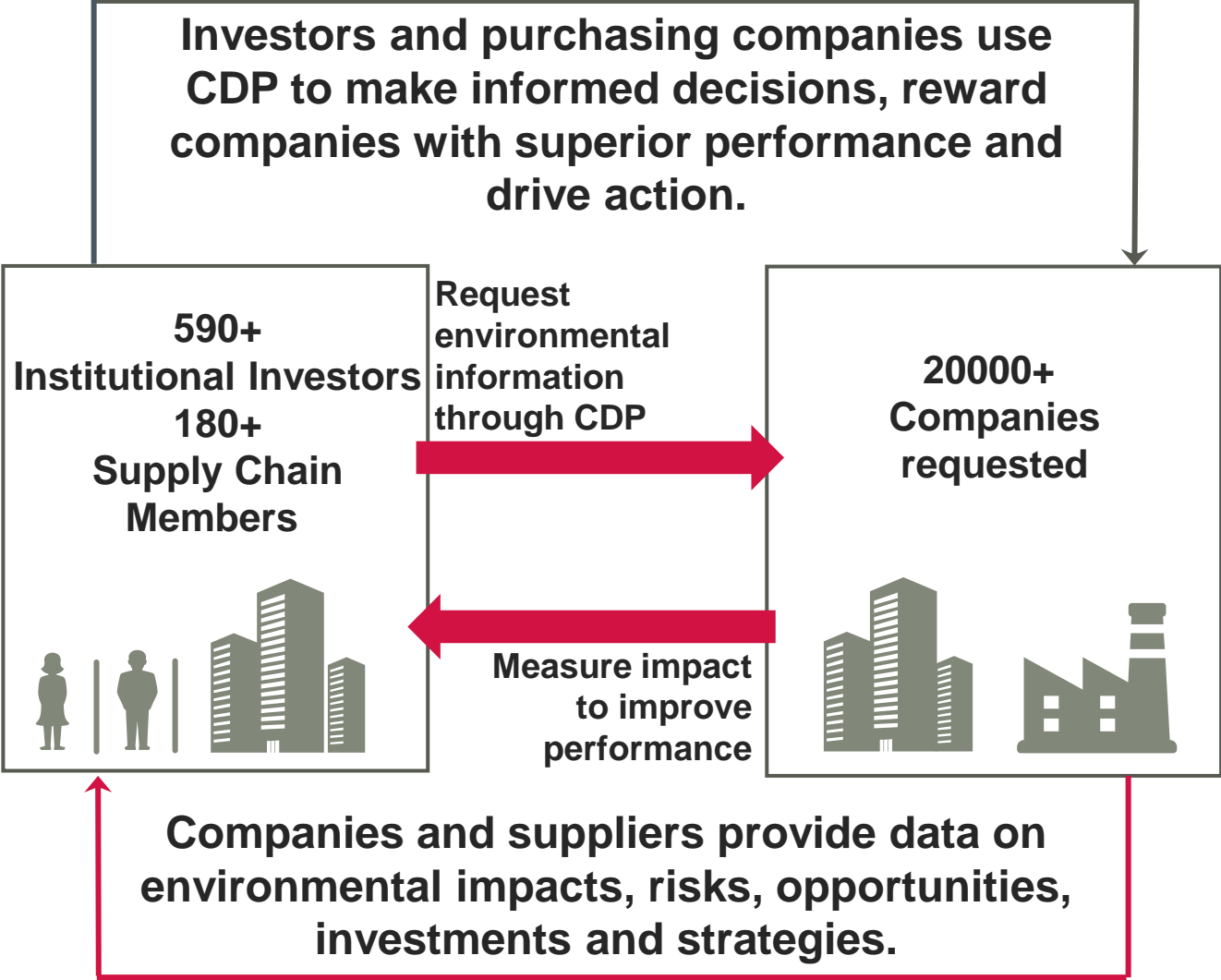
- Xylem has been disclosing Scope 1 & 2 emissions GHG & Water usage since 2013
- CDP Supply Chain Program allows Xylem to understand the environmental footprint of its upstream value chain
- Cornerstone initiative to Xylem Supply Chain Sustainability Strategy – reflected in yearly supplier evaluation and future collaboration !
- Disclosing through CDP allows suppliers to understand their firm-level environmental footprint and become more efficient
- There is no cost to disclosing through CDP
- Disclosure process gets easier every year

Contents



- ▼ Xylem's Supply Chain Sustainability
- ▼ **CDP Overview**
- ▼ Disclosure 101
- ▼ Target Questions for Suppliers
- ▼ Best Practice Reporting and Support

CDP Disclosure model



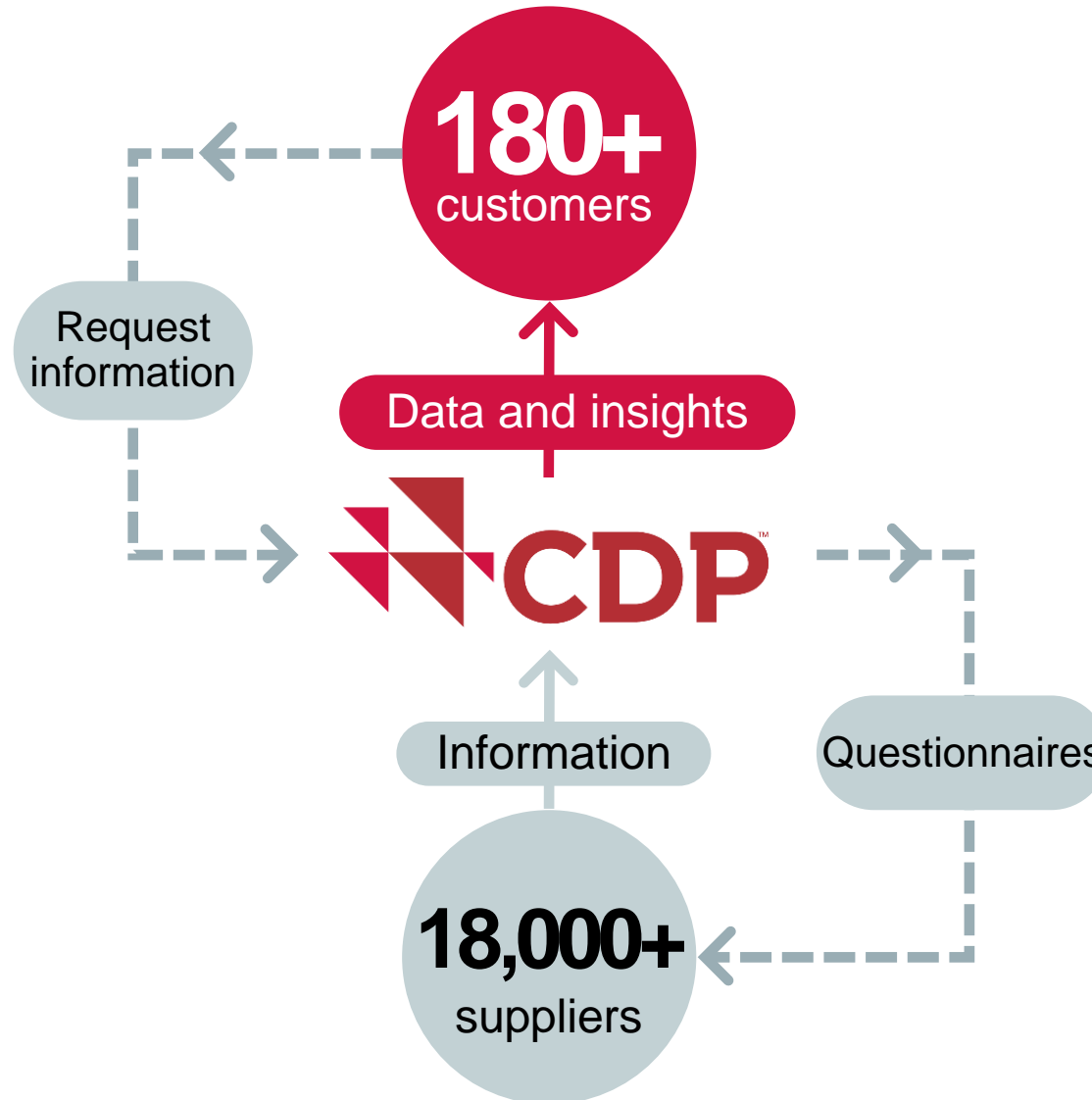
Companies take action to tackle climate change, prevent the destruction of forests, and safeguard water resources.

CDP Supply Chain Model



Supply Chain Members (Customers)

- Customers identify strategic suppliers to evaluate their potential climate impacts, deforestation, and water security risks through CDP's disclosure platform.
- Customers use the reported data to measure supplier environmental impacts and to track progress of internal and external sustainability goals and/or commitments.



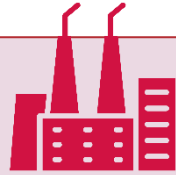
Suppliers

- Requested suppliers report qualitative and quantitative information in a standardized way, which will ultimately be reviewed and analyzed by requesting Customers.
- Suppliers improve their responses and calculations through feedback from Customers, CDP's action exchange initiative, and scoring documents.

CDP Questionnaires

Climate | Water

Climate Change



Key areas:

- ▼ Governance
- ▼ Risks and opportunities
- ▼ Strategy
- ▼ Targets
- ▼ Energy
- ▼ Climate-related metrics
- ▼ Carbon Pricing
- ▼ **Supply chain module**

Allocation of emissions, Collaborative opportunities, Product and service level data

Water



Key areas:

- ▼ Context
- ▼ Business impacts
- ▼ Procedures
- ▼ Risks and opportunities
- ▼ Facility-level accounting
- ▼ Governance and Strategy
- ▼ Targets and Linkages
- ▼ **Supply chain module**

Facility details and risk, Product water intensity, and Collaboration

First time responders and companies with annual revenue less than \$/€ 250 million may respond to the minimum version of the questionnaires

Sustainable Supply Chains

Addressing environmental risks through supply chain engagement is vital for companies to be competitive and resilient in the changing market and build back better from COVID-19.



▼ In 2020 8,000 disclosing suppliers reported approximately **US\$1.26 trillion** in environmental risks.

▼ Financial risks have a domino effect throughout the chain. Major corporate buyers could face **US\$120 billion** in increased costs in the next 5 years due to environmental risks in their supply chains.

Why Environmental Disclosure Matter

Improve environmental performance, manage risks, and reduce costs



Risk type	# of reported risks	Risk US\$
Acute physical	1,981	319,334,077,747.44
Market	1,553	741,870,472,483.50
Emerging regulation	1,549	151,696,170,484.16



619 MtCO₂e

of emissions were reduced by suppliers from 2019-2020...



159

...equivalent to the annual emissions of 159 coal power plants

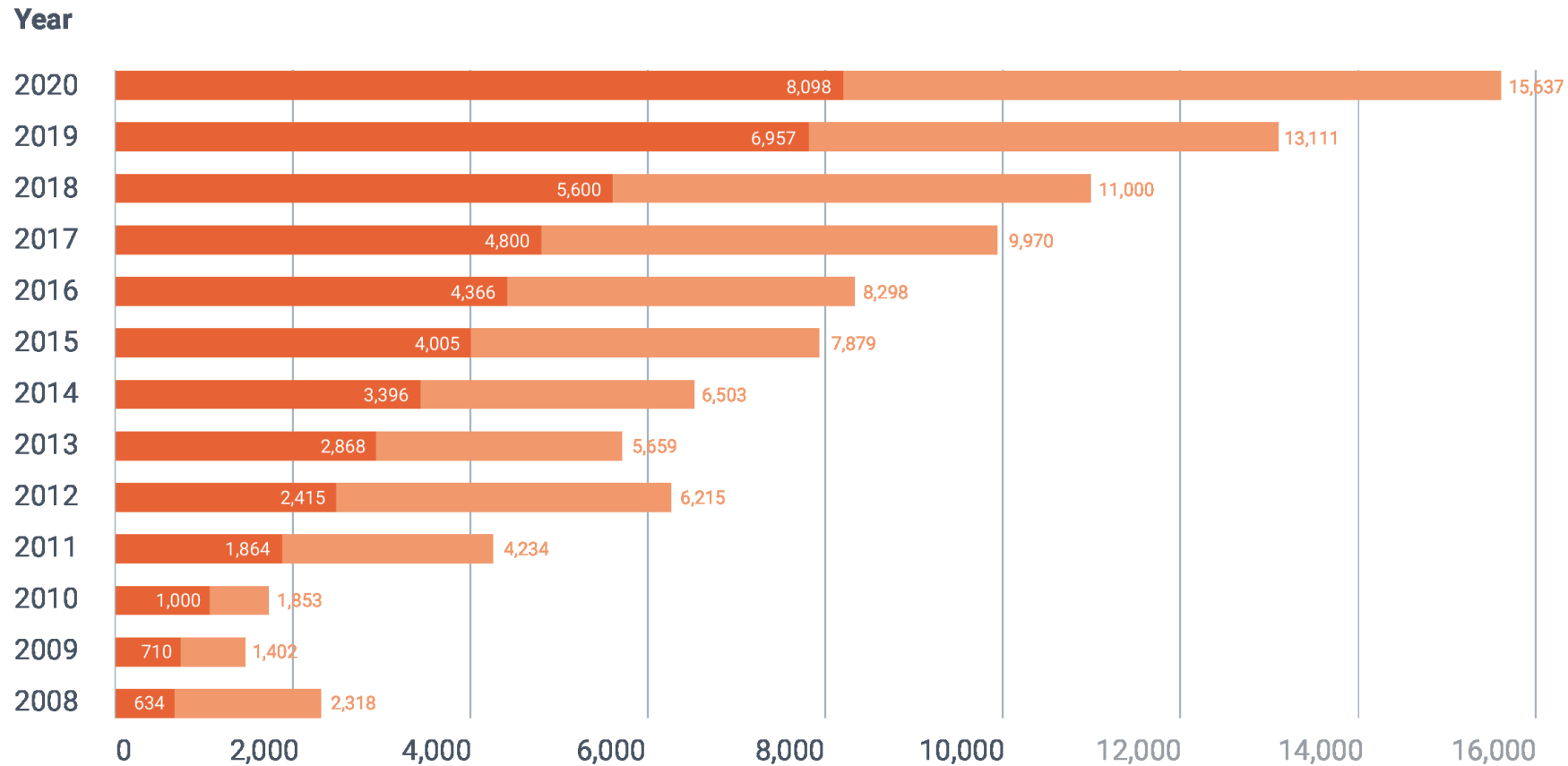
US\$33.7 bn

of savings from suppliers' emissions reductions

A GROWING MOVEMENT



Growth in CDP Supply Chain disclosures, 2008 – 2020

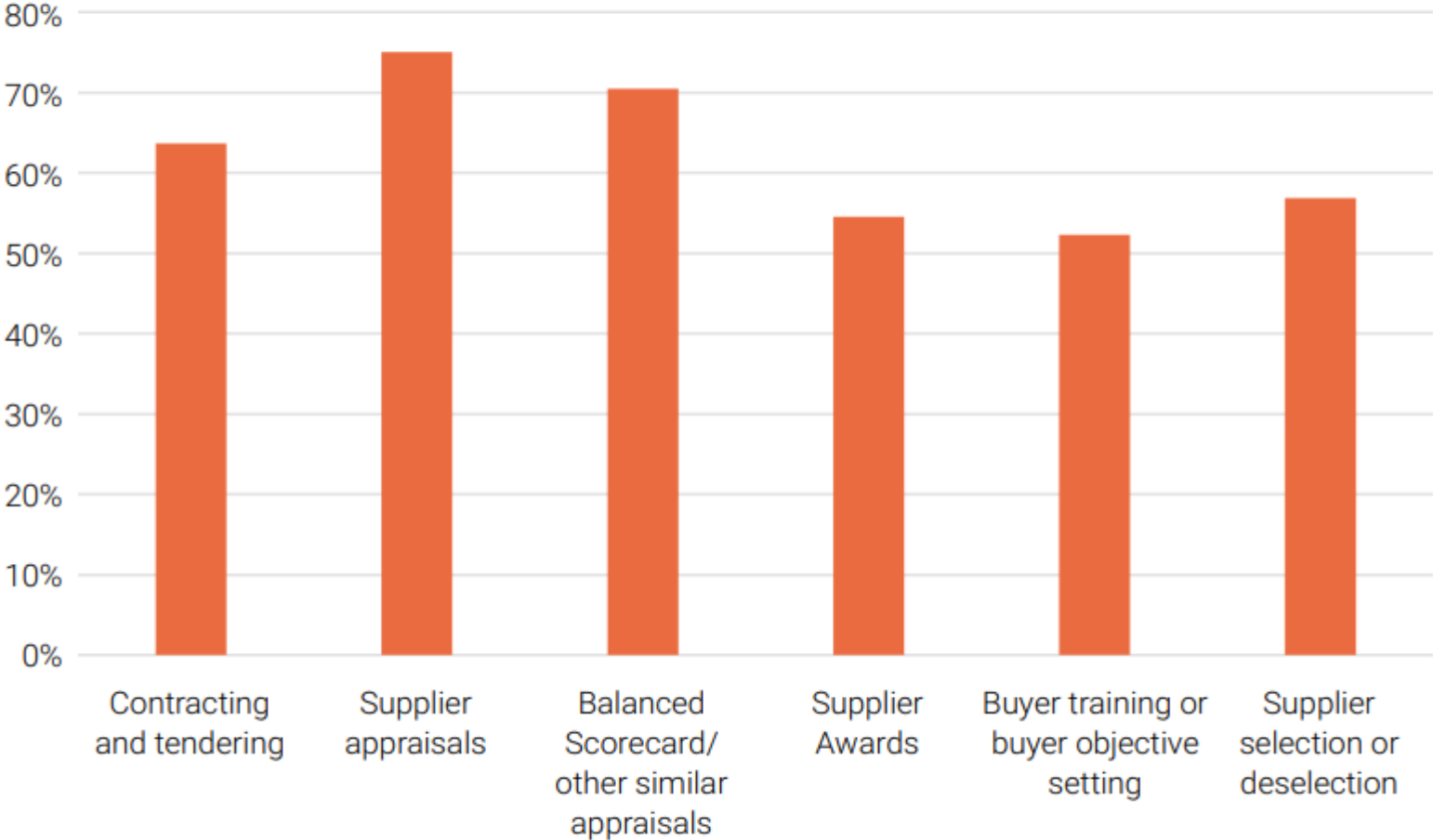


- Total suppliers who disclosed through CDP
- Total suppliers asked to disclose

CDP Data Enables Sustainable Procurement Practices



CDP Supplier Data Integration by Procurement Process*



75%

of CDP supply chain member companies reported including environmental metrics alongside cost and quality when conducting supplier appraisals

*Based on the 44 respondents to a 2019 CDP member survey

Benefits of Participating



Measure and reduce environmental impact and benchmark impact against peers



Identify cost savings and areas to improve operational efficiency



Identify risks and opportunities and communicate risk management practices



Propose collaborative opportunities and increase value from customer relationships



Demonstrate transparency and operational competence to their customers



One response for all customers and stakeholders



No cost to respond to Xylem's request

Contents



- ▼ Xylem's Supply Chain Sustainability
- ▼ CDP Overview
- ▼ **Disclosure 101**
- ▼ Target Questions for Suppliers
- ▼ Best Practice Reporting and Support

Overview

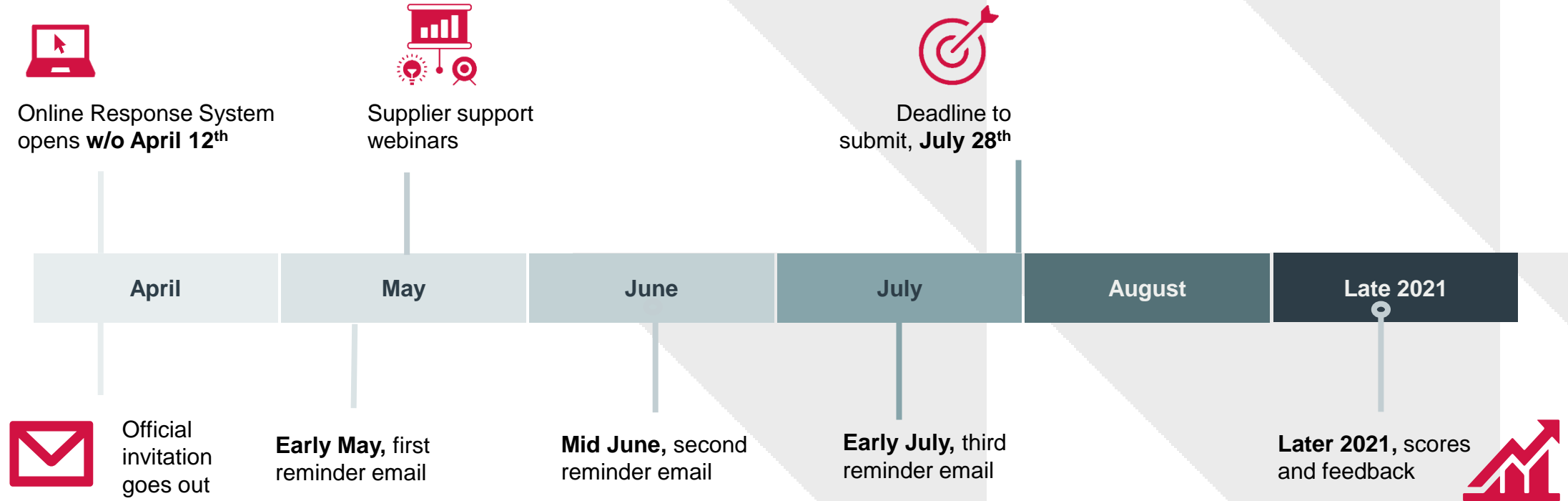


- ▼ **2021 disclosure deadline: July 28th**

- ▼ Increased functionality in the online response system:
 - ❖ Progress bar shows unanswered questions
 - ❖ Auto-calculation function for Climate Change
 - ❖ Drop-down option lists are searchable by typing in the box

- ▼ No major changes in the questionnaires

CDP Disclosure Timeline for 2021



Quick Tips For Getting Started



Before you start:

- ▼ Allow emails from @cdp.net, disable popup blockers, use Google Chrome for optimized use
- ▼ Visit: www.cdp.net/guidance
- ▼ Review questionnaires offline by downloading them in *Microsoft Word* or a *PDF*
- ▼ Attend a free CDP webinar about the questionnaires
- ▼ Review guidance and scoring methodology

How to access:

- ▼ Follow the activation link in the **early April** invitation from CDP
- ▼ Login to CDP's website and activate your questionnaires
- ▼ If you do not receive an email from CDP by **April 30th**, contact respond@cdp.net
- ▼ Submission deadline: All Requests – **July 28th**

Registration Email from CDP

Example of a Registration email



Dear [full name],

[Company name] is being requested to disclose environmental information through the CDP questionnaire(s) in 2021 by the stakeholders listed below.

CDP's Online Response System (ORS) is now open. Please **sign in** to your organization's dashboard to confirm your participation to your stakeholders and start inputting data into the questionnaire(s).

Click here to sign in or register

Please note that we will provide you with periodic reminders until the deadline has passed.

Summary of 2021 requests

Here is the summary of your 2021 requests

You are being requested to respond by the following stakeholders:

Questionnaire	Requested by Investors	Requested by Customers
Climate Change	YES	590+ investors representing US\$110 trillion in assets
Forests	YES	[CC SC Authorities]
Water Security	n/a	[F SC Authorities]
		[W SC Authorities]

A full list of all your requesting stakeholders is available to view on your dashboard. Customer requests may change and CDP will notify you of these separately from mid-May.

Disclosing through CDP in 2021

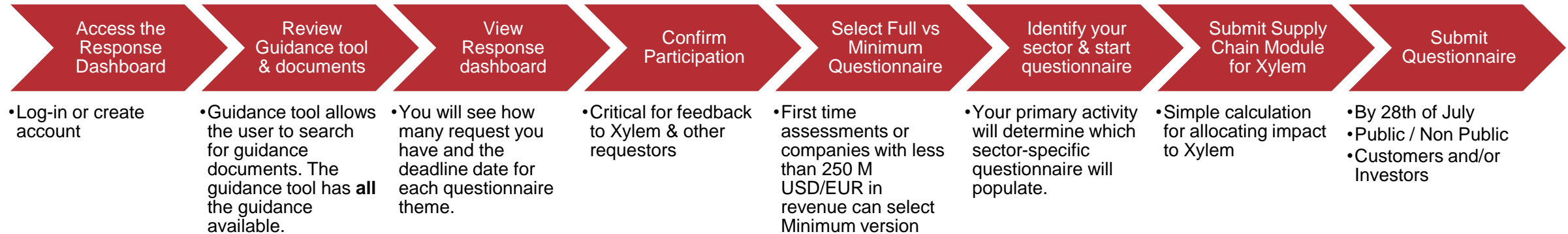
Questionnaire responses must be submitted via CDP's ORS by **July 28, 2021** to be eligible for scoring.

To find out about disclosure options, including those for first-time responders, eligibility for scoring, timelines and updates, please review our [How to disclose](#) and [Frequently Asked Questions](#) pages. For detailed guidance on using the ORS, and how to get started, please see [Using CDP's Disclosure Platform](#).

Disclosure process



High Level Steps of accessing and answering questionnaire



Please see more details for each of the steps in the Appendix

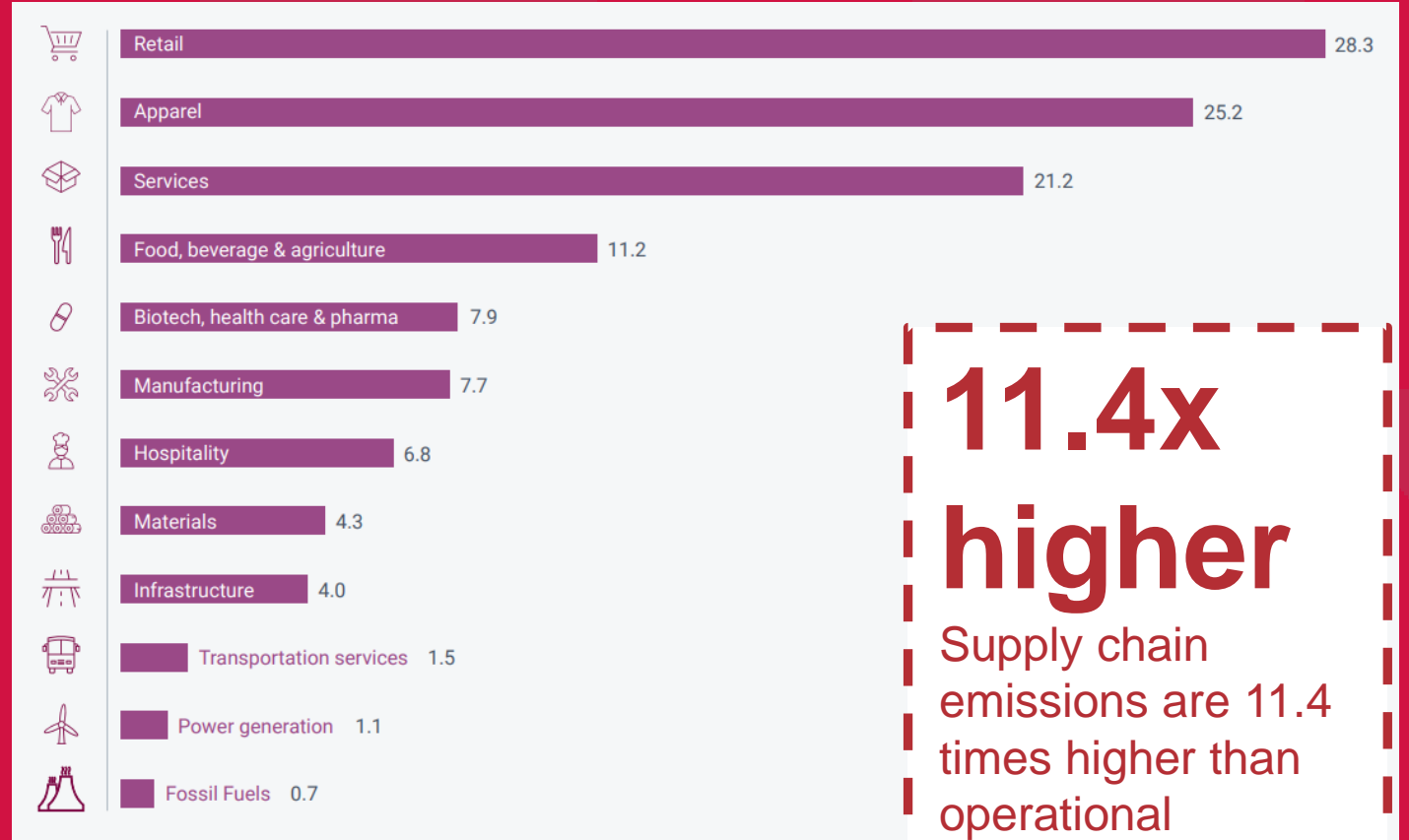
Contents



- ▼ Xylem's Supply Chain Sustainability
- ▼ CDP Overview
- ▼ Disclosure 101
- ▼ **Target Questions for Suppliers**
- ▼ Best Practice Reporting and Support

Xylem's KPIs

Xylem is currently developing a 1.5°C science-based Greenhouse Gas (GHG) target and will provide full transparency on all calculation methodologies, emission factors and assumptions used to estimate Scope 3 emissions.



**11.4x
higher**

Supply chain emissions are 11.4 times higher than operational emissions

Climate Change Questionnaire Target Questions

Target Questions: Greenhouse Gas Emissions Data & Energy Usage

2021 MODULES
C0 Introduction
C1 Governance
C2 Risks and opportunities
C3 Business strategy
C4 Targets and performance
C5 Emissions methodology
C6 Emissions data
C7 Emissions breakdown
C8 Energy
C9 Additional metrics
C10 Verification
C11 Carbon pricing
C12 Engagement
C15 Signoff
SC Supply Chain

Scope 1 – Greenhouse gases that your company emits (C6.1)



Company Facilities



Company Vehicles

Scope 2 – Greenhouse gases that others emit due to your energy use (C6.2 & C6.3)



Purchased electricity, steam, heating & cooling, for own use

Scope 3 – Everything else (C6.5)



Supplier emissions



Product use



Employee commuting

Formula for Allocating Emissions by Revenue

Allocate based on the proportion of total revenue represented by Xylem



Formula for allocating emissions to Xylem based on revenue

$$\text{Allocated GHG Emissions} = \frac{\text{Revenue of products/services purchased by Xylem}}{\text{Total revenue of products/services produced}} \times \text{Total GHG Emissions for Scope 1 or Scope 2}$$

Working example of allocating emissions to Xylem based on revenue

$$250 \text{ metric tons of CO}_2\text{e allocated to Xylem} = \frac{\text{US\$500,000 revenue from Xylem}}{\text{US\$200,000,000 total revenue}} \times 100,000 \text{ tons of CO}_2\text{e (Company-wide Scope 1 GHG emissions)}$$

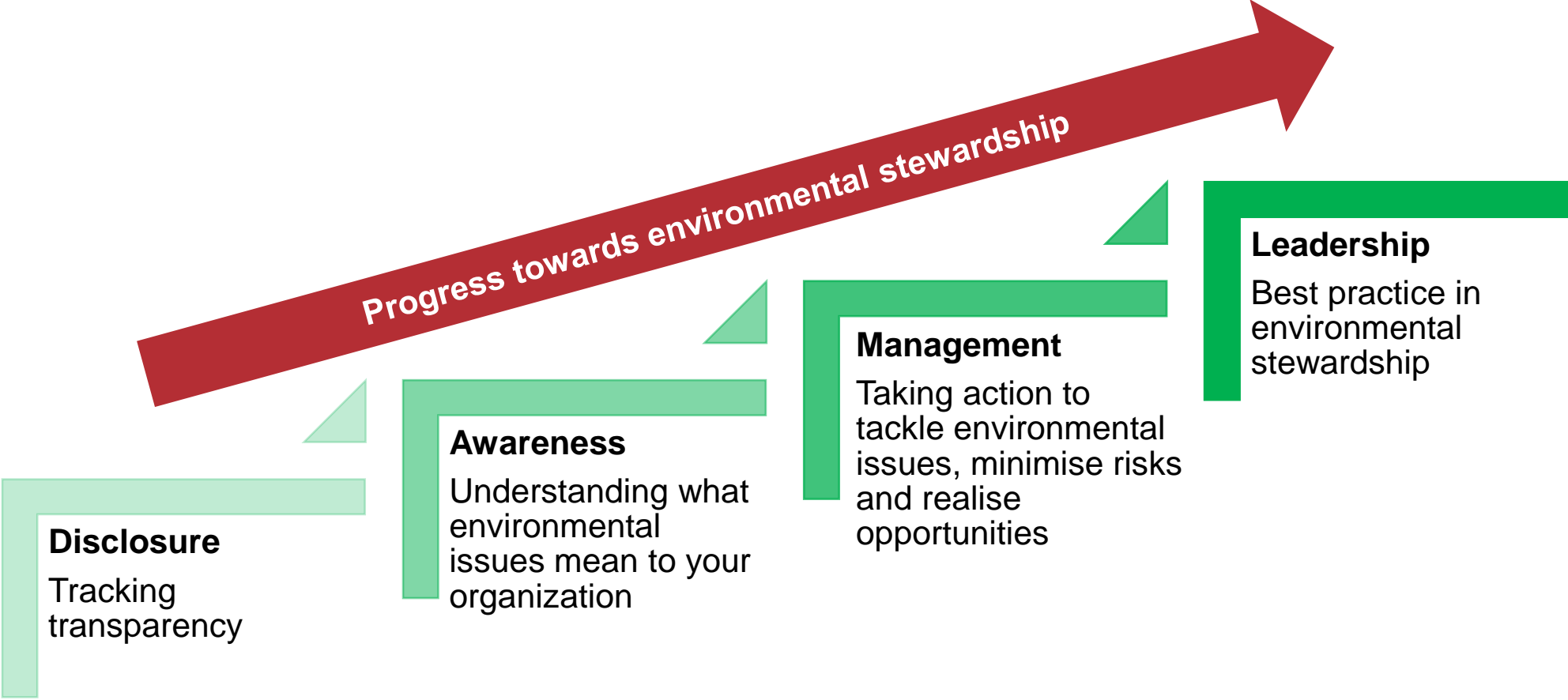
Water Security Questionnaire Target Questions

Contents



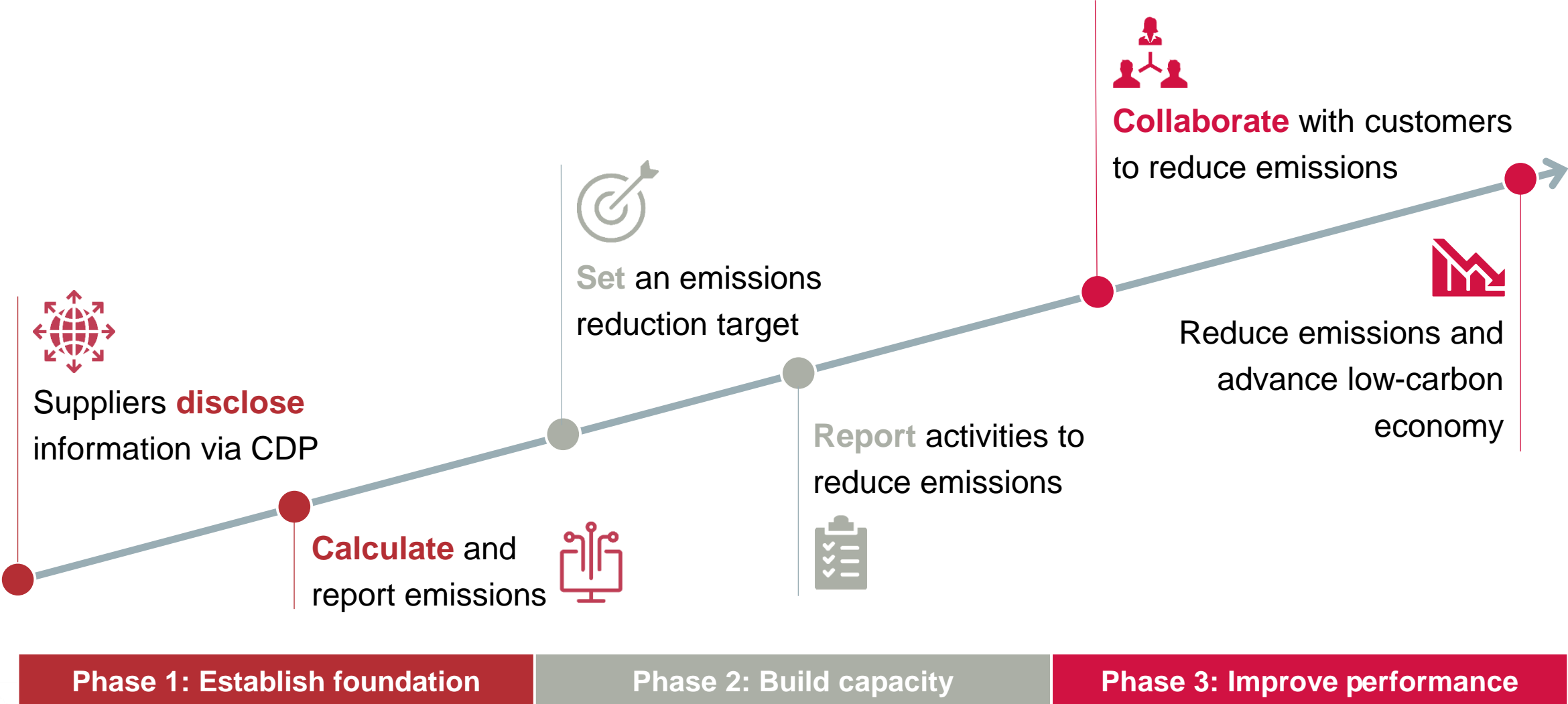
- ▼ Xylem's Supply Chain Sustainability
- ▼ CDP Overview
- ▼ Disclosure 101
- ▼ Target Questions for Suppliers
- ▼ **Best Practice Reporting and Support**

CDP's Scoring Approach



Review 2021 Scoring Methodology Intro

Company Journey For Responding Suppliers



Tips for Best Practice Reporting



- ▼ Triple check your response to **avoid blank cells, errors and inconsistencies**
- ▼ **Go through the questionnaire with the scoring methodology and reporting guidance** at hand to ensure you meet all possible criteria for each question
- ▼ For qualitative responses, **provide clear explanations, rationales, company specific responses**
- ▼ **Review peer companies' CDP responses** (publicly disclosing companies)
- ▼ **Identify and designate teammates** for stakeholder outreach and questionnaire response

Example of company specific response:

C2.3a - Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

- A 'unique' company specific description in column 'Company specific description' – 1 point

Poor response – 0 points	Average response – 0 points	Good response – 1 point
Rising mean temperatures have the potential to negatively affect our operations.	Due to a rise in mean temperatures, there is a risk that the energy consumption needed for air conditioning and refrigeration will increase, leading to an increase in costs. There is a particular risk of energy consumption increasing at our shops, offices, and distribution centers.	60% of our plants are located in central America, an area that has been identified as likely being subject to large increases in mean temperatures. Such increases in temperature may lead to an increase in the energy consumption required for air conditioning and refrigeration to remain effective. This will lead to increased operational costs across our business.

Guidance and Support



CDP reporting guidance 2020

Need help?



Climate change
Reporting guidance for companies disclosing to the 2020 climate change request.



Forests
Reporting guidance for forests disclosing to the 2020 forests request.



Water security
Reporting guidance for water security disclosing to to the 2020 water security request.

Jump to...

- [Respond to investors and customers](#)
- [Questionnaires](#)
- [Reporting guidance](#)
- [Questionnaire changes](#)
- [Technical materials](#)
- [Scoring](#)

Hub for all available guidance documents.

Resources

▼ Resources for Disclosure in 2021:

- ▼ [CDP Guidance and scoring methodology for companies](#)
- ▼ [FAQs – Find answers to common queries](#)
- ▼ [CDP Supply Chain Report: Changing the Chain](#)
- ▼ [2021 CDP Supplier Support Webinars](#)

▼ GHG Emissions Accounting and Science-Based Targets:

- ▼ [GHG Protocol Corporate Standard](#)
- ▼ [GHG Protocol Calculation Tools](#)
- ▼ [CDP Technical Note on Science-Based Targets](#)
- ▼ [FAQs- The Science Based Targets Initiative](#)

▼ Water Accounting and Risk Assessment:

- ▼ [Global Water Footprint Assessment Standard](#)
- ▼ [WRI Water Risk Atlas](#)

DEADLINE



Further Useful Resources



▼ Technical Support

- ▼ If you are based in Japan, contact japan@cdp.net
- ▼ If you are based in a different Asian country, contact asia@cdp.net
- ▼ If you are based in Latin America, contact reporteCDPLA@cdp.net
- ▼ For all other geographic regions, contact respond@cdp.net

▼ Free Webinars & Events (Multiple Languages)

▼ Xylem specific questions

- ▼ please email andrea.montuori@xylem.com

▼ Contact the CDP Commit-To-Action team (commit@cdp.net) if your customer asks you to set a science-based target

DEADLINE



Key Takeaways

- If you have not received an invitation yet please contact EMAILS immediately
- If necessary, please forward to questionnaire to the correct contact within your organization (e.g. sustainability, EHS)
 - Your HR colleagues should be able to provide guidance
- Regional and language-specific guidance is available
 - Please visit www.CDP.net to download resource materials and find contact information for CDP offices across the globe
- July 28th deadline to submit response
- There is no fee to respond
- Support your customer's sustainability goals

Questions?

Common Questions



What if I don't have resources to complete a CDP disclosure?

Free to submit to Customers

Free resources available

Minimum tier response



What if we haven't started collecting environmental information yet?

Provide partial/qualitative response

Use questionnaires to guide your internal strategy



What if we already disclose environmental information elsewhere?

Alignment with DJSI/TCFD/SDGs

Use information from CSR report



What if we're concerned about receiving a score?

Fully transparent scoring methodologies

Xylem is not ranking by score

Frequently Asked Questions

Confidentiality and Contact Changes



▼ I am concerned about data protection and confidentiality.

- ❖ Data and information reported in the *Supply Chain Module* are assigned specifically to the requesting company. No other company has access to that information.
- ❖ Supplier scores are never publicly shared
- ❖ CDP is GDPR-compliant
- ❖ Our *terms & conditions* for the questionnaires can be found at [CDP.net/guidance](https://www.cdp.net/guidance)

▼ How do I change the contact name/email associated with CDP?

- ❖ If you have identified a new contact or email address, please contact respond@cdp.net.

Frequently Asked Questions

Questionnaire



▼ What if we are a small business and cannot complete the full questionnaire?

- ❖ If this is the first time you are responding to CDP or you are a company with an annual revenue of less than €/\$250 million, you can opt into a shorter, minimum version of the questionnaire.

▼ What if we are based in a non-English speaking country? Can CDP still support us?

- ❖ CDP has global staff willing to help suppliers understand the CDP information request. To request local support or learn about workshops and webinars in a particular country, you should email respond@cdp.net
- ❖ CDP also produces multiple guidance documents to support suppliers completing the questionnaire.

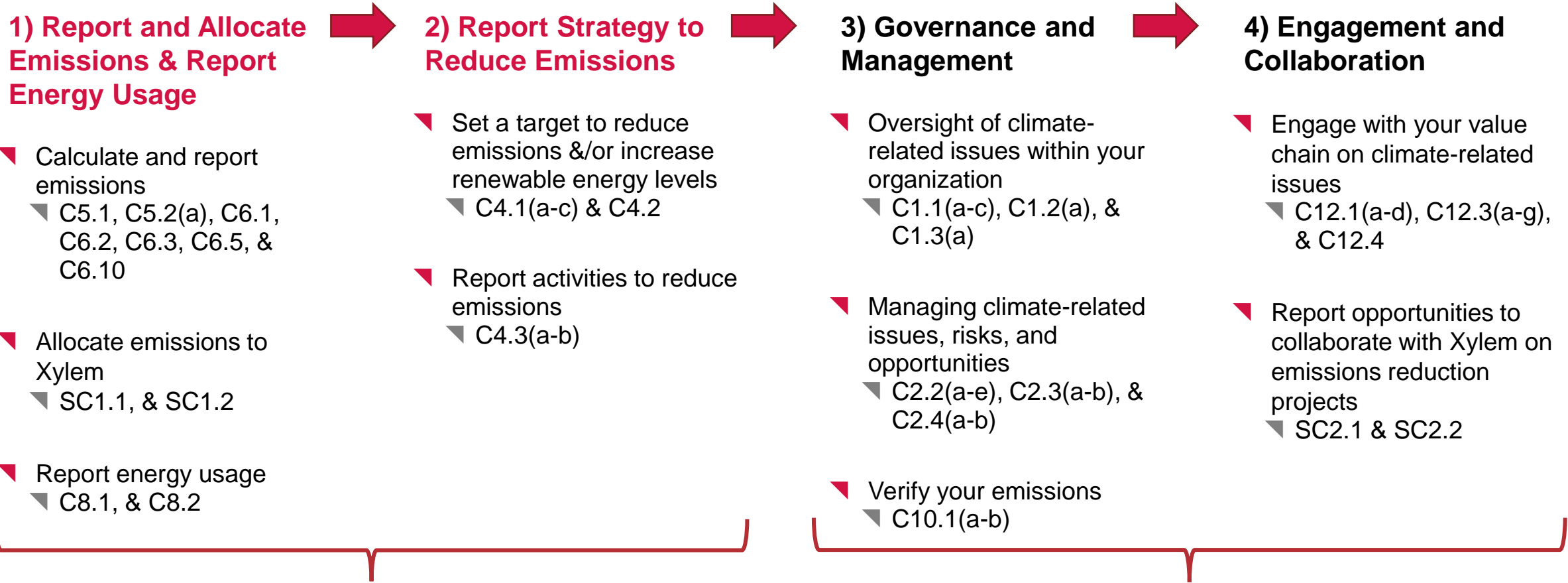
▼ Where can I find questionnaire guidance?

- ❖ All questionnaires and guidance materials are freely available at <https://www.cdp.net/en/guidance/guidance-for-companies>

Thank you!

Appendix

Climate Change Roadmap: Target and Encouraged Questions Overview



Target Questions

Encouraged Questions

Tracking Supplier Progress in Water Security: Roadmap for Alphabet Suppliers



1) Water Reporting

- ▼ Evaluate current water stewardship state
 - ▼ W1.1
- ▼ Report water accounting data
 - ▼ W1.2, W1.2b, W1.2d, W1.2h, & W1.2i
- ▼ Report a facility level breakdown of water engagement
 - ▼ W5.1, & W5.1a



2) Water Risk Management

- ▼ Complete a risk assessment for your operations
 - ▼ W3.3, W3.3a, W3.3b, W3.3c, W3.3d, & W3.3e, W4.1, W4.1a, W4.1b, & W4.1c, SW1.1, & SW1.1a
- ▼ Governance
 - ▼ W6.2, W6.2a, W6.2b, & W6.2c



3) Water Ambitions and Governance

- ▼ Report your water policy
 - ▼ W6.1, W6.1a
- ▼ Report progress towards active company-wide targets or goals related to water
 - ▼ W8.1, W8.1a, W8.1b, & W8.1c



4) Collaborate with Xylem to Take Action on Water

- ▼ Report collaborative projects and opportunities
 - ▼ SW2.1, SW2.2, & SW2.2a



Target Questions



Encouraged Questions

Target Questions: Water Risk Assessment



2021 MODULES
W0 Introduction
W1 Current state
W2 Business impacts
W3 Procedures
W4 Risks & opportunities
W5 Facility accounting
W6 Governance
W7 Business strategy
W8 Targets
W9 Verification
W10 Sign off
SW Supply chain module

Provide Alphabet with information on the procedures in place to manage water-related issues and inherent risk exposure. Facilities at risk from water impacts could potentially affect your operations, reputation and business ability to grow in the future. These risks need to be actively managed.

❖ **Target Questions: W3.3, W3.3a, W3.3b, W3.3c, W3.3d, & W3.3e**

➤ Undertaking a water-related risk assessment

❖ **Target Questions: W4.1, W4.1a, W4.1b, & W4.1c**

➤ Assessing water related risks

❖ **Target Questions: W6.2, W6.2a, W6.2b, & W6.2c**

➤ Organizational oversight of water-related issues

❖ **Target Questions: SW1.1 & SW1.1a**

➤ Have you identified if any of your facilities reported in W5.1 could have an impact on Alphabet?