Supplier Disclosure Support

Xylem and CDP

April 27, 2021



Contents



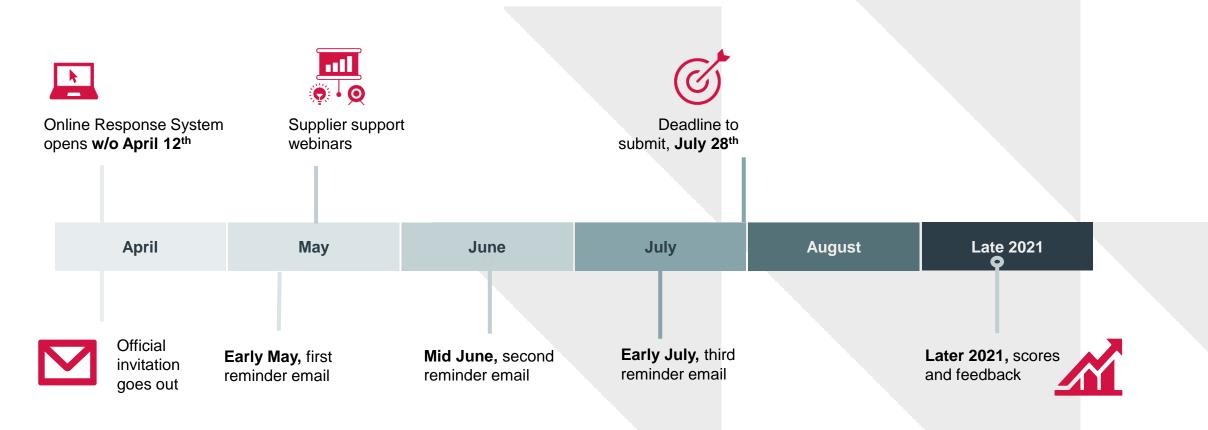
■ Disclosure 101 - Accessing and Navigating the Questionnaire

▼ Target Questions for Suppliers

Climate Chainge Water Usage

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: <u>www.cdp.net/guidance</u>
- 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



[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 a your organization's dashboard to confirm your participation to your stakeholders and start inputting data into the questionnaire(s).

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

Summary of 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	YES	[CC SC Authorities]	
Forests	YES	in assets	n/a	[F SC Authorities]	
Water Security	n/a		n/a	[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 <u>How to disclose</u> and <u>Frequently Asked Questions</u> pages. For detailed guidance on using the ORS, and how to get started, please see <u>Using CDP's Disclosure Platform</u>.



Click here to sign in or register

Here is the summary of your 2021 requests

Disclosure process



High Level Steps of accessing and answering questionnaire

Access the Response Dashboard

 Log-in or create account

Review Guidance tool & documents

the user to search

documents. The

quidance tool has all

for guidance

the guidance

available.

 Guidance tool allows You will see how many request you have and the deadline date for each questionnaire theme.

View

Confirm Response Participation dashboard

> Critical for feedback to Xylem & other requestors

Select Full vs Minimum Questionnaire

 First time assessments or companies with less than 250 M USD/EUR in revenue can select Minimum version

Identify your sector & start questionnaire

 Your primary activity will determine which sector-specific to Xylem questionnaire will populate.

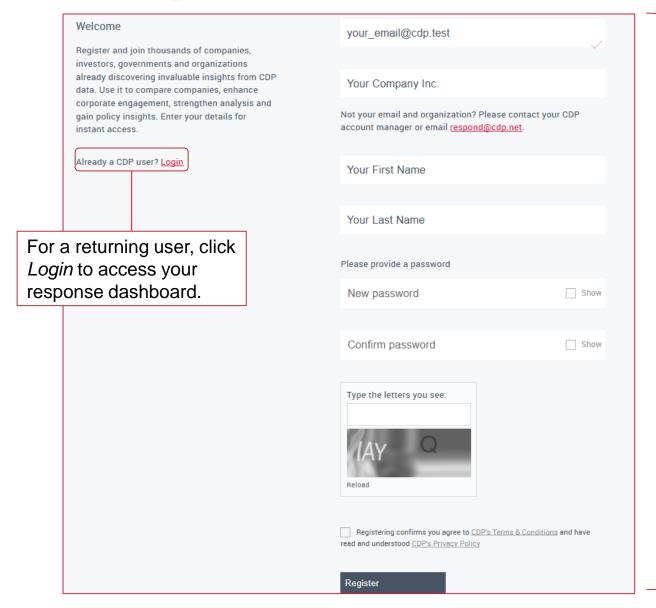
Submit Supply Chain Module for Xylem

Submit Questionnaire

- Simple calculation •By 28th of July for allocating impact Public / Non Public
 - Customers and/or Investors

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

Access the Response Dashboard



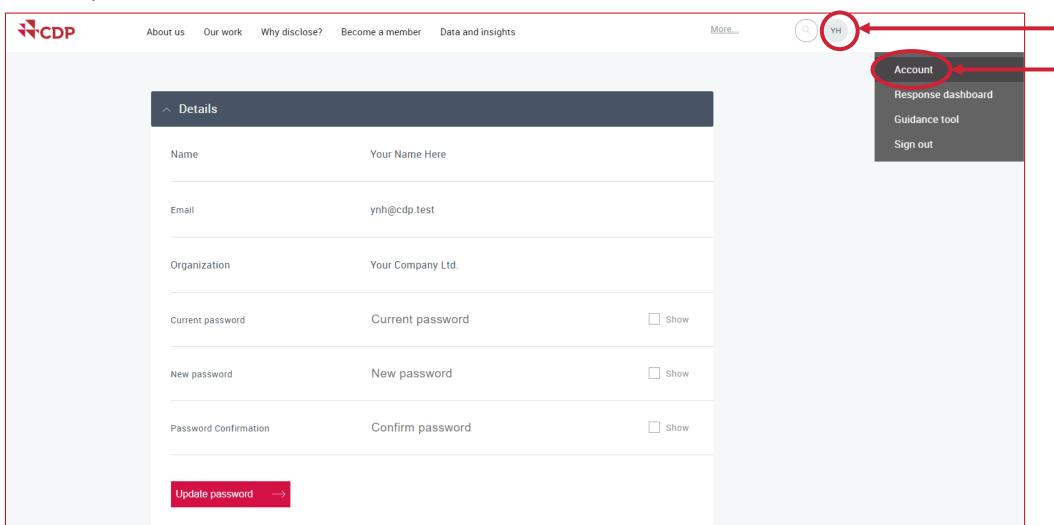


For new users, create a user profile and register your account.

After registering, a confirmation email will be sent to your business email account. After confirming you email, you should be able to log in.

DISCLOSURE INSIGHT ACTION

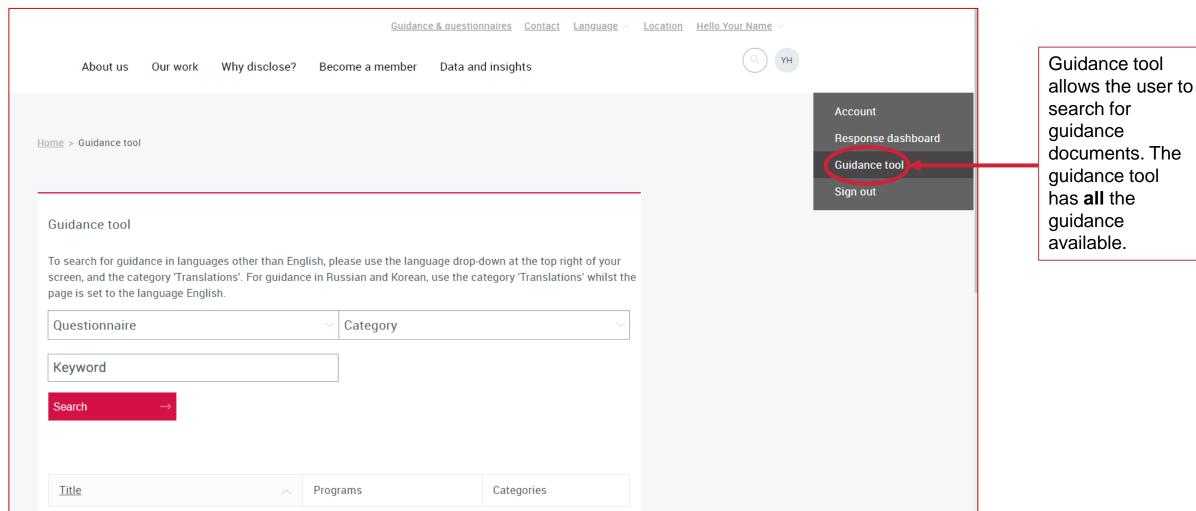
View your account details



Click circle with initials to view navigation menu to access your response dashboard, find the guidance, or sign out. The account page displays account name, email, registered organization, password change and cultural settings.

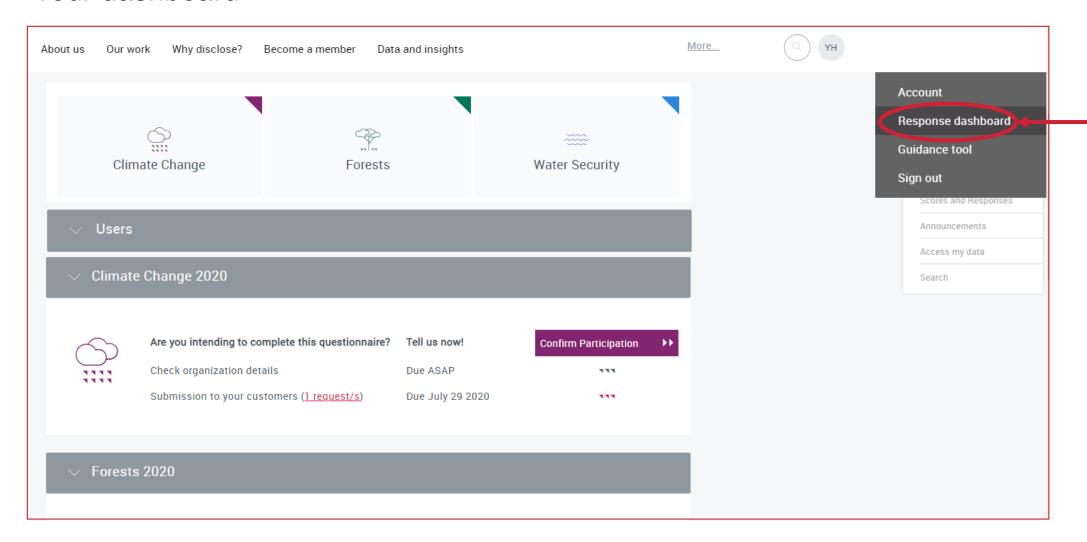
View the guidance tool





Your dashboard

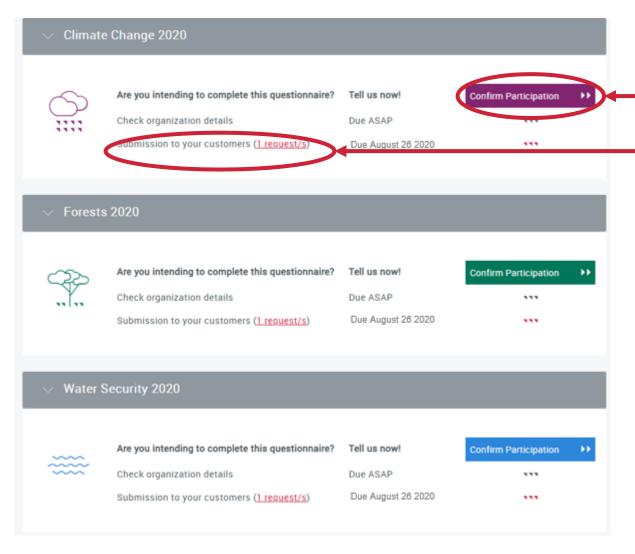




Click here to access your response dashboard

Requested themes





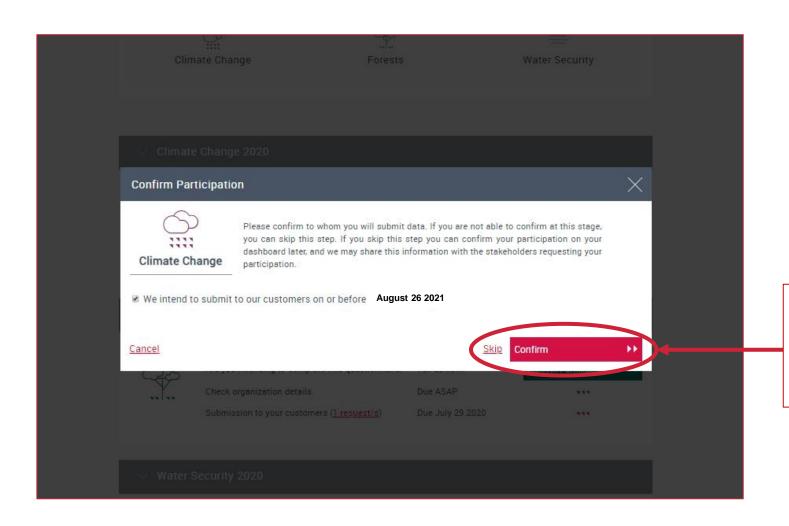
You will see how many request you have and the deadline date for each questionnaire

theme.

Click here to confirm your participation in the questionnaire theme.

Confirming your participation

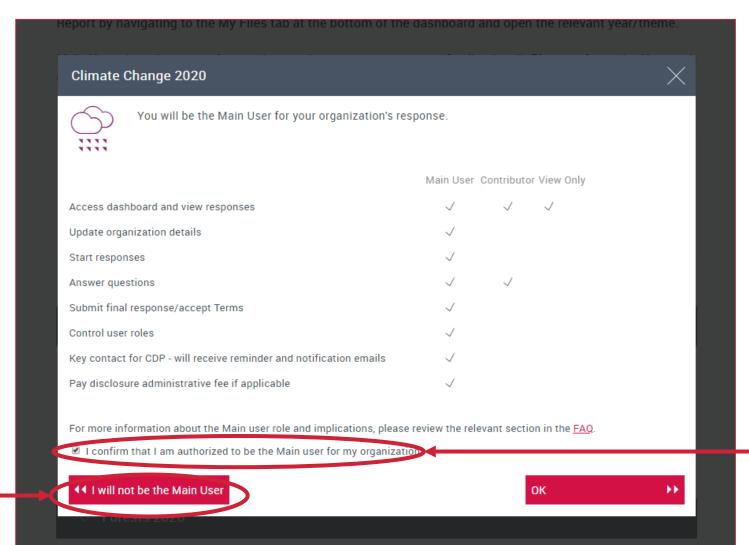




This indicates to CDP and your requesting companies your **intention** to respond. It is only an indication.

Becoming the main user





Tick the tick box + ok if you are authorised to be the main user. There can only be one main user for an organization

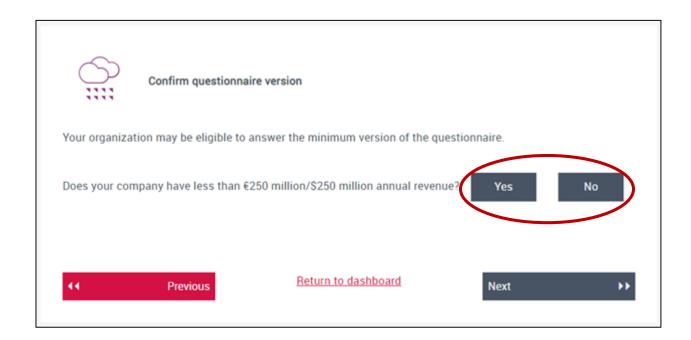
Click here if you

main user.

choose not to be the

Select a Questionnaire Version: Full or Minimum





For all CDP questionnaires, there are two versions: full and minimum. The minimum version contains identical but fewer questions, and no sector-specific questions or data points.

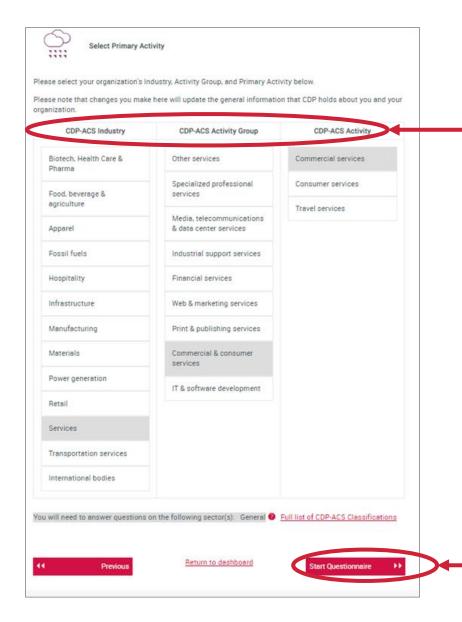
The minimum version of a questionnaire can be completed by:

- Organizations disclosing to that questionnaire for the first time; OR
- Organizations not disclosing to that questionnaire for the first time, but with an annual revenue of less than EUR/US\$250 million

Although any organizations meeting the above criteria may opt to complete a minimum version, they may not be eligible for scoring.

Identify Your Primary Sector Based on Revenue





If prompted, please choose a primary activity based on revenue. Your primary activity will determine which sector-specific questionnaire will populate.

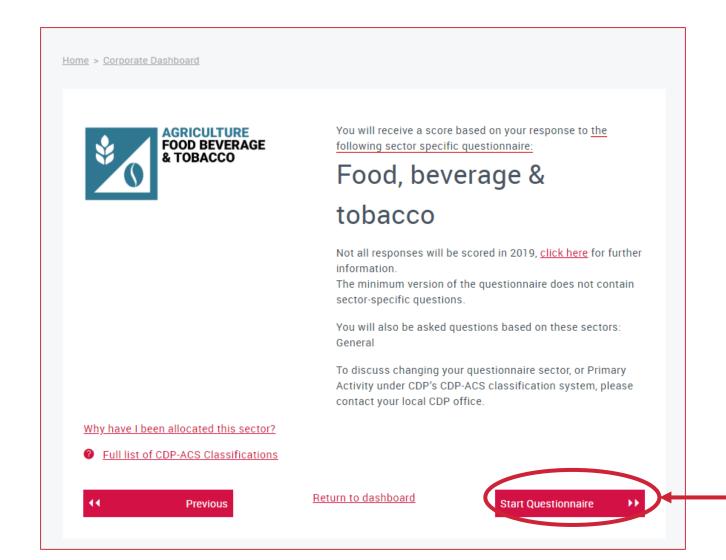
Follow the prompts to select your primary industry, then activity group, and finally your activity based on revenue.

For more information about CDP-ACS, please review CDP's <u>activity classification</u> <u>system</u> guidance.

Once your have identified your primary sector, select *Start Questionnaire* to active and being responding

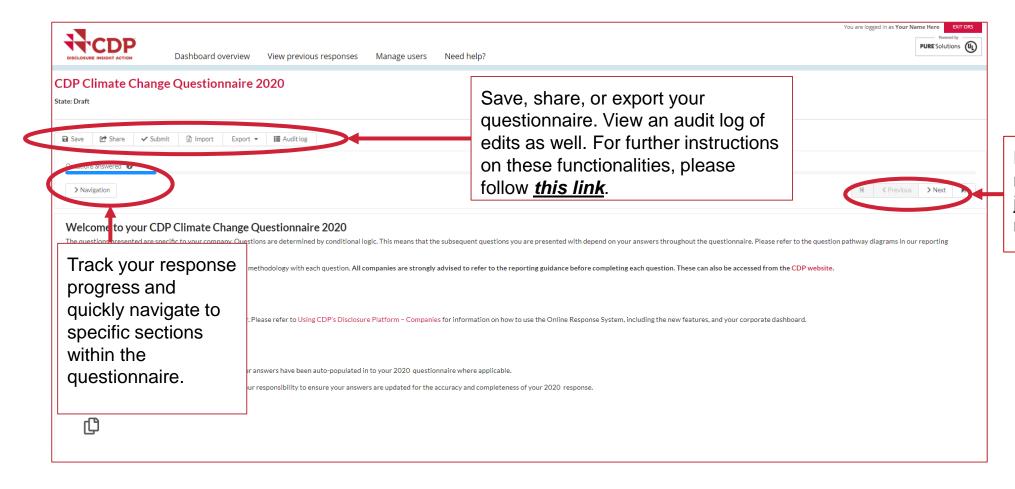
Start the Questionnaire





How to Navigate the Online Response System (ORS)

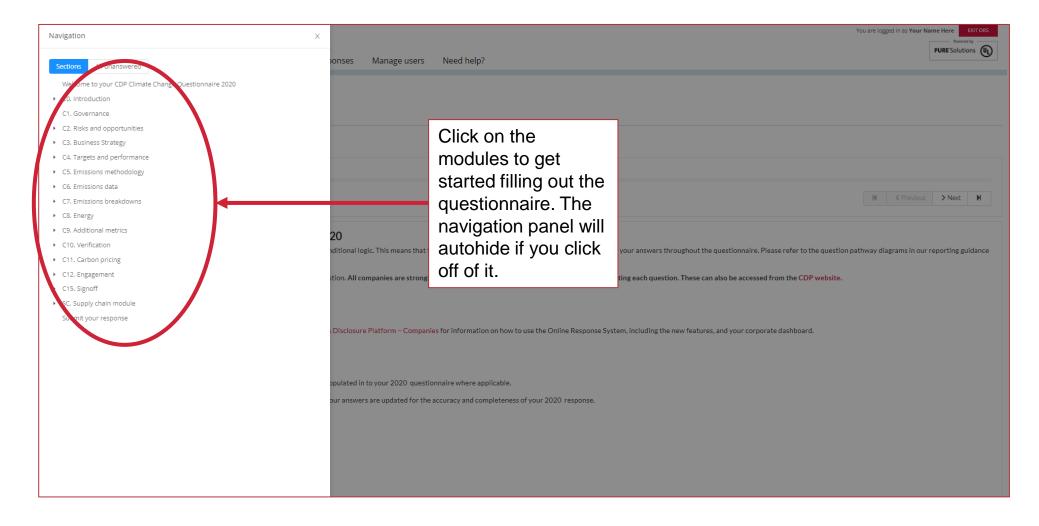




Navigate to the next page or jump to the next section.

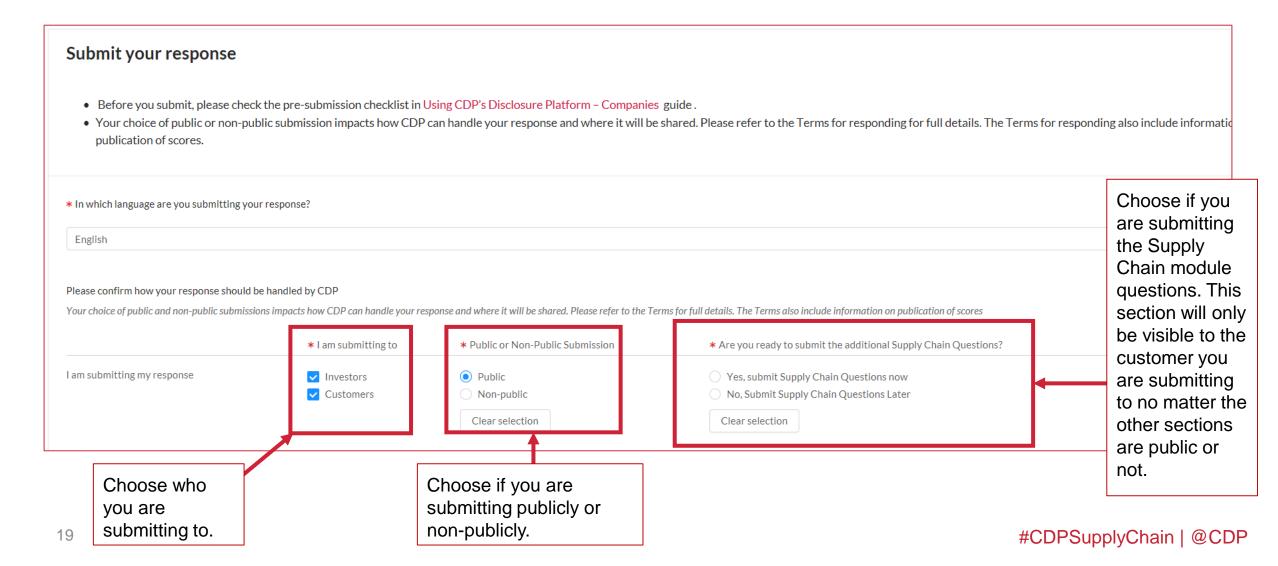
How to Navigate the Online Response System (ORS)







How to submit your response – investor & customer requests

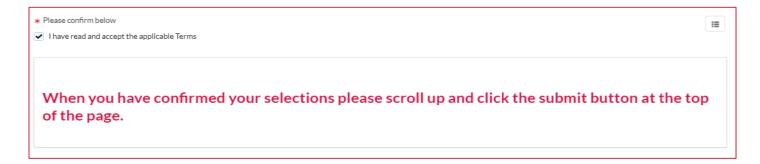


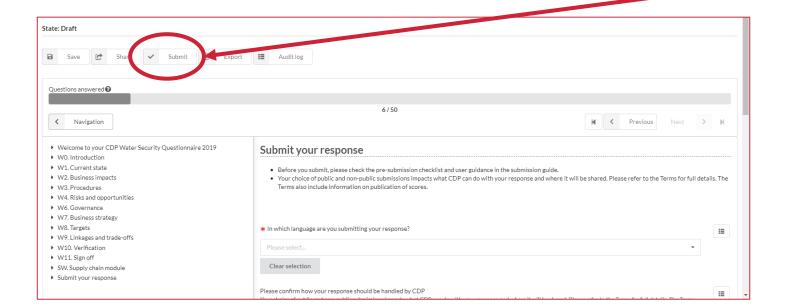




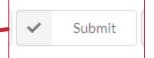
Please see CDP's Privacy Policy
Please read CDP's Terms for responding to Supply Chain Members (2019 Climate Change)
* Please confirm below
☐ I have read and accept the applicable Term
When you have confirmed your selections please scroll up and click the submit button at the top of the page.

How to submit your response (main user only)









Submitting your supply chain module



If you are ready to you have:	submit the additior	nal Supply Chain module,	before clicking 'Submit Supply Chain module'
 Checked your Supply chain Selected 'Yes, Submit Suppl Saved your response 			
* In which language are you submitting you	ur response?		
English			
Please confirm how your response should by	,	ponse and where it will be shared. Please refer to the T	Ferms for full details. The Terms also include information on publication of scores
	* I am submitting to	* Public or Non-Public Submission	* Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	✓ Investors ✓ Customers	Public Non-public	Yes, submit Supply Chain Questions now No, Submit Supply Chain Questions Later Clear selection

	CDP Climate Change Questionnaire 2020 State: Authorities pending						
A -	Submit Supply Chain module Import Export ▼ I Audit log						
	Questions answered 🔞						
	28/82 > Navigation						

Contents



■ Disclosure 101 - Accessing and Navigating the Questionnaire

■ Target Questions for Suppliers Climate Chainge Water Usage



Climate Change Questionnaire Target Questions

Climate Change Roadmap: Target and Encouraged Questions Overview



1) Report and Allocate Emissions & Report Energy Usage

- Calculate and report emissions
 - ▼ C5.1, C5.2(a), C6.1, C6.2, C6.3, C6.5, & C6.10
- Allocate emissions to Xylem
 - SC1.1, & SC1.2
- Report energy usage C8.1, & C8.2

2) Report Strategy to Reduce Emissions

- Set a target to reduce emissions &/or increase renewable energy levels C4.1(a-c) & C4.2
- Report activities to reduce emissions

C4.3(a-b)

3) Governance and Management

- Oversight of climaterelated issues within your organization
 - C1.1(a-c), C1.2(a), & C1.3(a)
- Managing climate-related issues, risks, and opportunities
 - C2.2(a-e), C2.3(a-b), & C2.4(a-b)
- Verify your emissionsC10.1(a-b)

4) Engagement and Collaboration

- Engage with your value chain on climate-related issues
 - **■** C12.1(a-d), C12.3(a-g), & C12.4
- Report opportunities to collaborate with Xylem on emissions reduction projects
 - SC2.1 & SC2.2

Target Questions: Greenhouse Gas Emissions Data & Energy Usage



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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

Target Questions: Greenhouse Gas Emissions Data



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
C7 Emissions breakdown C8 Energy
C8 Energy
C8 Energy C9 Additional metrics
C8 Energy C9 Additional metrics C10 Verification
C8 Energy C9 Additional metrics C10 Verification C11 Carbon pricing

Reporting emissions is **best practice** and a pre-requisite to understanding and reducing negative environmental impacts.

- **▼** Target Questions: C5.1 & C5.2(a)
 - Provide your base year and base year emissions (scopes 1 and 2).
 - Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate scope 1 and scope 2 emissions.
- **▼** Target Questions: C6.1, C6.2, C6.3, C6.5, & C6.10
 - Scope 1 and scope 2 GHG emissions
 - Account for your scope 3 GHG emissions
 - Provided an emissions intensity figure

Target Questions:



Greenhouse Gas Emissions Allocation & 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

Emissions located in the supply chain are around four times as high as those from direct operations. Allocating your emissions provides further context to buyers regarding the procedures adopted and/or actions taken by their suppliers.

▼ Target Questions: C8.1 & C8.2

- Report the percentage of your total operational spend in the reporting year that was on energy
- Provide details on energy-related activities including energy consumption and energy generation by fuel type

▼ Target Questions: SC1.1 & SC1.2

- Allocate emissions to Xylem, describe challenges, and reporting capabilities
- Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate scope 1 and scope 2 emissions.

Your responses to the Supply Chain module are visible only to Xylem regardless of whether you elect to make your CDP response private or public

Formula for Allocating Emissions by Revenue



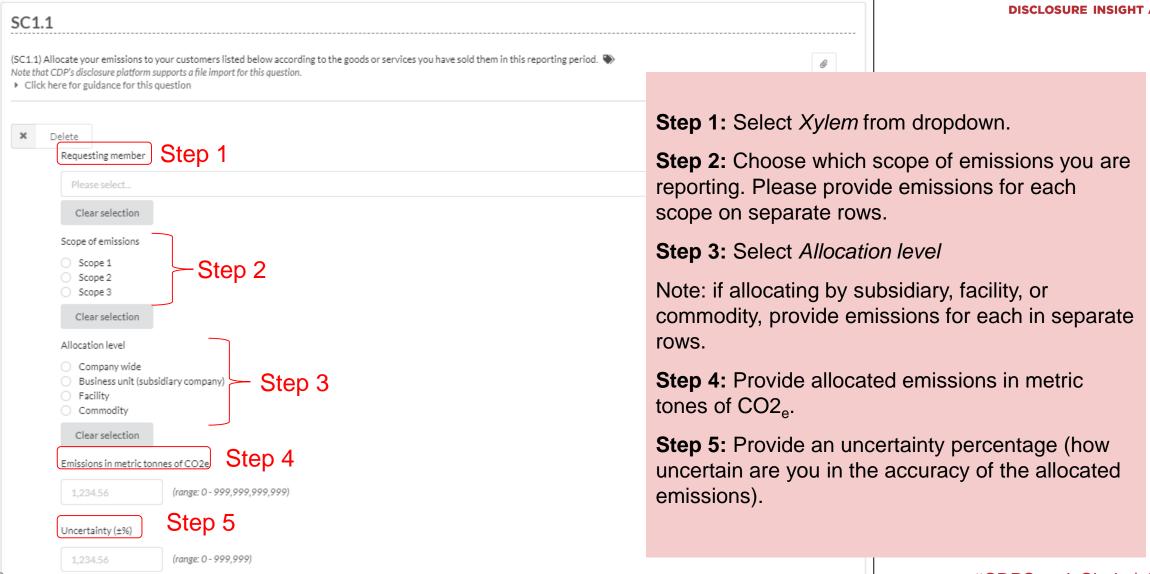
Allocate based on the proportion of total revenue represented by Xylem

Formula for allocating emissions to Xylem based on revenue

Working example of allocating emissions to Xylem based on revenue

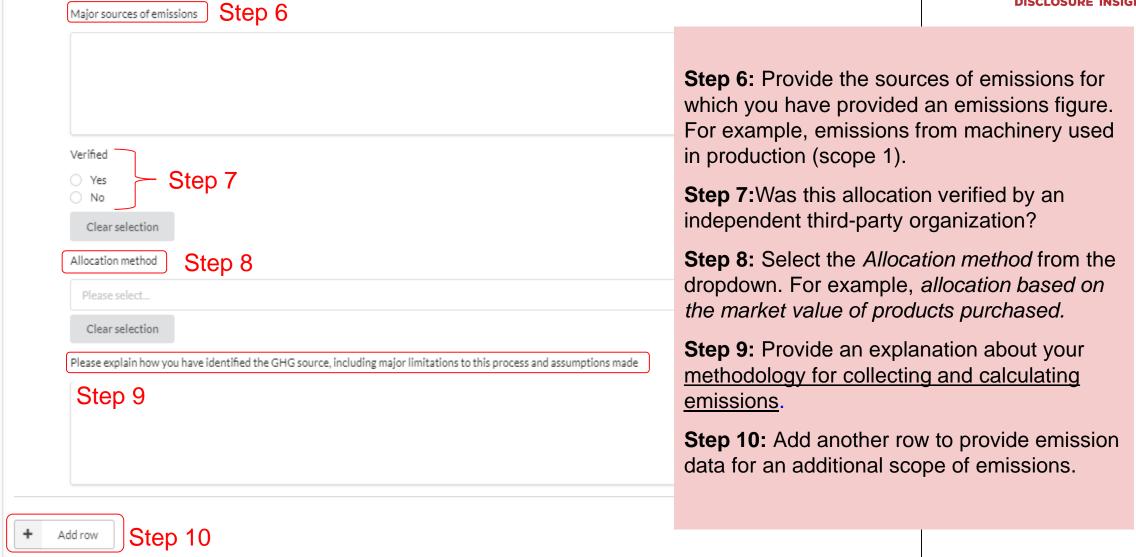
Allocate GHG emissions to Xylem: Example of SC1.1





Allocate GHG emissions to Xylem: Example of SC1.1





Target Questions: Targets and Performance



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

Target setting provides direction and structure to environmental strategy. Providing information on quantitative targets and qualitative goals, and progress made against these targets, can demonstrate your organization's commitment to improving climate-related issues management at a corporate level. It also helps Xylem understand your ambition levels for reducing your greenhouse gas emissions in the future.

- **▼** Target Questions: C4.1(a-c)
 - Details on GHG emissions targets (absolute and/or intensity)
- **▼** Target Questions: C4.2
 - C4.2a: provide details of your target(s) to increase low-carbon energy consumption or production
 - C4.2b: provide details of any other climate-related targets
- **▼** Target Questions: C4.3(a-d)
 - Details on GHG emissions reduction initiatives.

Overview of Emissions Targets



All targets have:

- **▼**Base year
- ▼Target year
- % reduction you're trying to achieve
- ▼Emission source you're going to impact

Types of Targets:

- Absolute: Tons CO2e reduced
- Intensity: Kg CO2e / (product/revenue) reduced

Example of a Target:

Company A pledges to reduce operational emissions 35% by 2025, against a 2016 baseline.

Encouraged Questions: Governance and Management



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

Board-level oversight of climate-related issues is considered best practice and provides an indication of the importance of climate-related issues to the organization.

Evaluating exposure to **climate-related risks and opportunities** over a range of time horizons allows for a strategy for the transition to a low-carbon economy recognized in the Paris Agreement and UN SDGs.

Verification and assurance is best practice in environmental reporting as it ensures the quality of data and processes disclosed.

- **■** Encouraged Questions: C1.1(a-b), C1.2(a), & C1.3(a)
 - Details on the level of oversight of climate-related issues within your organization
- **■** Encouraged Questions: C2.2(a-e), C2.3(a-b), & C2.4(a-b)
 - Details on how your organization has identified the risks and opportunities around climate-related issues
- **▼** Encouraged Questions: C10.1(a-b)
 - Indicate the verification/assurance status that applies to your reported emissions



Water Security Questionnaire Target Questions

Tracking Supplier Progress in Water Security: Roadmap for Alphabet Suppliers



1) Water Reporting

- Evaluate current water stewardship stateW1.1
- 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 opportunitiesSW2.1, SW2.2, &
 - SW2.1, SW2.2, 8 SW2.2a

Target Questions

Encouraged Questions

Target Questions: Water Reporting



2021	MO	DUL	.ES

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

Google's <u>Supplier Code of Conduct</u> articulates expectations on resource efficiency and waste mitigation, including water management and seeking ways to reduce consumption of water.

- Target Questions: W1.1
 - ➤ Evaluate current water stewardship state
- Target Questions: W1.2, W1.2b, W1.2d, W1.2h, & W1.2i
 - Withdrawals from stressed basins
 - ➤ Water recycled and reused
 - ➤ Water intensity & value chain engagement
- **❖** Target Questions: W5.1, & W5.1a
 - ➤ Monitoring water information at a facility level
 - ➤ Geolocation data is requested for each facility at risk

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 waterrelated 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?

Encouraged Questions:Water Ambitions and Governance



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 water policy in your organization and setting and monitoring water-related targets and goals.

- Encouraged Questions: W6.1 & W6.1a
 - ➤ Distinguishes between a publicly available and an internal policy
- Encouraged Questions: W8.1, W8.1a, W8.1b, & W8.1c
 - ➤ Approach to setting and monitoring water-related targets and/or goals

Encouraged Questions:Collaborate with Xylem to Take Action on Water



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		

Propose ways you can work together with Alphabet to reduce water risk and achieve mutually beneficial changes.

- Encouraged Questions: SW2.1
 - Suggested ideas how Alphabet could collaborate with you on mutually beneficial water-related projects
- Encouraged Questions: SW2.2 & SW2.2a
 - ➤ Indicate if Alphabet's engagement has contributed to water-related projects





Useful Resources

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:

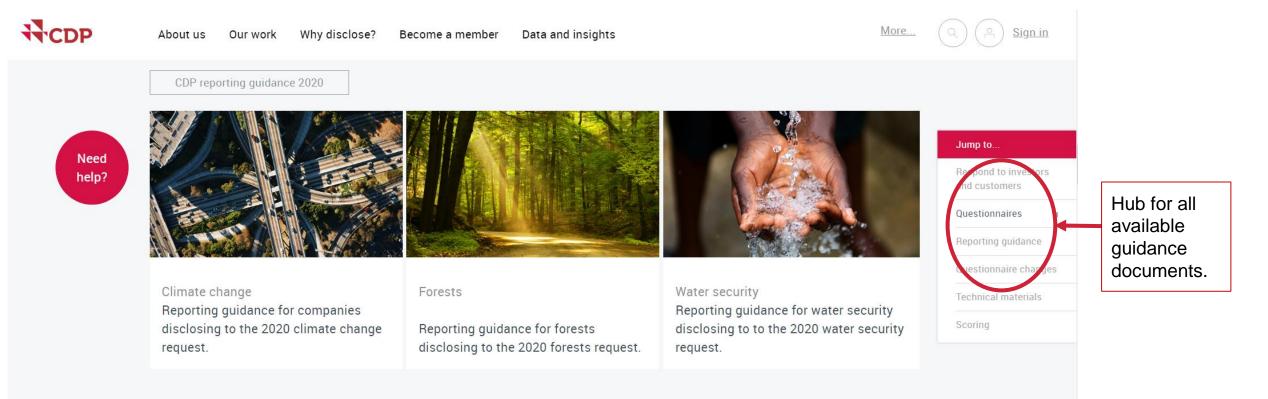
C2.3a - Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

• 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





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 Contact the CDP Commit-To-
 - please email <u>andrea.montuori@xylem.com</u>
 - Action team (commit@cdp.net) if your customer asks you to set a science-based target

DEADLINE





FAQs

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
- **▼** 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