



SG THEMATIC SPOTLIGHT

WATER RISKS, THE GREAT PLAINS, & THE PACKAGED FOOD INDUSTRY

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ESG Thematic Spotlight

Water Risks, the Great Plains, and the Packaged Food industry

November 2022

Themes:

Water risks, water stewardship, climate impacts, the Great Plains

Sectors:

Packaged Foods

Country: United States

Key Insights

- Current and future droughts in the US present material risks to the agriculture industry. Companies operating in the Ogallala Aquifer (Great Plains) are highly exposed to water stress
- Most agriculturally intensive regions in the world rely on water from stressed aquifers and exhibit similar characteristic stresses from depletion and climate change
- We assessed 114 companies in the Packaged Food subindustry, of which 22 are registered in the US and they all experience waterrelated risk in a variety of ways based on their business model (e.g. primary risk through direct operations vs supply chain)
- Based on available disclosure in the Packaged Foods subindustry the performance of 60% in direct operations (69 out of 114 companies) and 43% in supply chain (49 out of 114) are rated as having weak or no comprehensive water management practices
- General Mills and Tyson Foods are examples of companies performing above subindustry average in how they manage relevant water risks while positively contributing to catchment-wide solutions
- Based on the complexity of groundwater systems, contextual water risk and business models, more comprehensive company assessment may be needed

Addressing material water-related risks across the US

This report explores the notion of contextual water risks impacting agribusiness operations and sourcing in the Great Plains region of the United States. Such risks include physical, reputational, and regulatory, with each imposing real financial effects to regional businesses. The primary water source for many agricultural communities in the Great Plains is the Ogallala Aquifer, which is among the largest, yet most stressed aquifers in the world. Due to issues of groundwater depletion and drought, as Exhibit 1 shows, businesses operating and/or sourcing agricultural products in the region must adopt a heightened sense of water-related risk awareness. Despite a lack of sufficient media coverage of the Ogallala Aquifer, water stress in the region has the potential to disrupt the food supply chain in North America; part of the solution for the shared water-related challenges

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Vice President Water Stewardship The Water Council <u>mhoward@thewatercouncil.com</u> is to address them through collective action. Since no individual municipality, NGO or water authority can address this challenge alone, many water-intensive businesses are left to mitigate risks on their own.

Investors and other stakeholders are more closely scrutinizing company actions to assess and mitigate water-related risk. Most efforts to evaluate company actions in this regard focus on tactical approaches to water conservation and account less for a systemic approach to analyzing the full range of contextual water risks. Because of the complexity of water crises and the different ways water-related risks manifest themselves in operations and supply chains, new approaches to company due diligence in assessing risk and prioritized actions may be needed. This report uses companies in the Packaged Foods subindustry as a proxy to demonstrate the complexity of such risks, and through two company cases – General Mills and Tyson Food. The report presents how advancing water stewardship efforts in this highly complex environment and how their performance can be accounted for.



Exhibit 1: US Drought Monitor showing drought risks across the US states

Source: US Drought Monitor

Contextual water risks

When it comes to addressing water-related risk, companies need to do the right thing, at the right time, in the right place. This phrase provides a foundation for understanding the concept of contextual water risk. Building on the Science Based Targets for Nature (SBTN) definition of "contextual water target," contextual water *risk* essentially means assessing water-related risk that is informed by the surrounding catchment (i.e. watershed) context and helps to focus water targets and mitigating actions toward the right water-related challenges in the right places. Further, responding strategically to contextual water risk that is shared means that mitigating actions produce outcomes relevant to all water users in the catchment (i.e.

Water risks are contextual

Water risks are broader than water scarcity

water stewardship). Too often, companies focus their water actions on assumed risks, which only impact the water user inside their fence line, or a narrow slice of physical risk, specifically water scarcity, while ignoring other pertinent risks (e.g., poor quality).

In addition to understanding the importance of how context informs risk assessment and eventual target setting, companies must recognize the universe of water-related risk is much broader than scarcity. An expanded risk radar takes into full account all water-related physical (supply, discharge, quality and quantity), regulatory (water-use restrictions and tighter pollution controls) and reputational (stakeholder perceptions on company water uses and impacts) risks. As the risk radar expands, companies move from internal risk management practices to addressing shared challenges and opportunities in the surrounding catchment, which is where most water risk "lives."

Water risk in the Great Plains

Public reporting on water crises in the US often focuses on water scarcity issues impacting the Colorado River Compact States, specifically on California. A quick Google search of 'Colorado river' results in over 310 million findings versus the 'Great Plains' that results in 188 million hits. Additionally, water reporting in the US tend to focus on a few regions, including visuals of declining reservoir levels, removal of turf grass in suburbs of western U.S. cities and the megadrought in the Southwest. Scarcity is easy to understand and visually compelling, especially when it is occurring in some of the fastest growing population centres in the US.

'Regionalism' and water scarcity reporting bias

Although the Colorado River and its tributaries supply over 40 million people with drinking water and water for irrigation, the other 290 million Americans face a variety of water challenges that are grossly underreported and less commonly understood by the average water user and investor. There is no doubt that climate change-induced impacts in the Colorado River states are severe and immediate.ⁱ However, even the Great Lakes Basin – home to 20% of the world's surface freshwater suppliesⁱⁱ – faces significant threats from polluted stormwater runoff, impact of winter road salt on freshwater bodies, and the pervasiveness of lead pipes in municipal and private water service lines.ⁱⁱⁱ Even if this water-abundant region faces challenges, it signals to both issuers and investors that comprehensive water risk assessments in operational and sourcing locations are imperative.

Less media attention means a gap is created in understanding regions like the Great Plains

The lower media attention results in a general lack of awareness and national attention on regions like the Great Plains, which are economically important to America's food supply, yet are overly reliant on stressed ground and surface water resources. The story of this aquifer and stresses

Water reporting in the US focuses on water scarcity

290 million Americans face a variety of water challenges that are greatly underreported placed upon it by water users is replicated across the globe and will eventually leave few supply chains untouched.

Brief regulatory context

The US federal policy on water is primarily driven by two laws. The first is the Clean Water Act,^{iv} which governs water pollution through regulations on point sources, including industry, governments (e.g., publicly owned treatment works) and some agricultural sources and operations. Significantly, most non-point sources of pollution are exempt from coverage. Additionally, groundwater contamination is not addressed but is covered in some measure by other acts, including the second primary law: the Safe Drinking Water Act.^v This act ensures safe drinking water for the public and sets water quality standards for the states.

There are also two basic legal frameworks addressing water rights in the US:^{vi} riparian rights and prior appropriation. Most of the country east of Texas follows riparian rights, which essentially permits anyone whose land fronts a water body to access and use it. The western US states mostly follow prior appropriation, which means whoever puts water to beneficial use first has a right to the water. The Ogallala Aquifer lies beneath parts of eight US states, most of which operate under some version of prior appropriation. But compounding the Federal patchwork of water policy and water law is the fact that each state also takes slightly different approaches to permitting water withdrawals and groundwater impacts.

The Ogallala Aquifer

For its size, geographic spread and amount of water stored in it, the Ogallala Aquifer is one of the largest groundwater storages in the United States. Spanning eight states (South Dakota, Wyoming, Nebraska, Colorado, Kansas, Oklahoma, Texas, and New Mexico) it supplies over 80% of drinking water to residents and contributes significantly to global agricultural production. 500 km³ of groundwater – an amount that would fill Lake Erie – has already been pumped from the aquifer with winter runoff from the Rocky Mountains no longer replenishing it, only rainfall. Due to the uneven distribution of its climate (i.e. temperature or variable precipitation from north to south), water levels are near a tipping point. Withdrawals exceed recharge and are leading to unsustainability, as annual precipitation levels only provide 15% of pumping needs.

Climate change and lack of unified water resource governance is exacerbating the situation further. Firstly, a vast number of competing uses, including water supply for drinking water, food supply and biofuel production, provide economic opportunities in the region yet making it difficult to balance all these needs. Secondly, the existence of multiple stakeholders with no single unifying aquifer water authority results in differing opinions from regional water users and policymakers regarding

The Clean Water Act and the Safe Drinking Water Act

Two basic types of water rights: riparian rights and prior appropriation

Permitting water withdrawals and groundwater use is designed by water law

The Ogallala Aquifer supplies over 80% of drinking water to residents and contributes to global agricultural production

Withdrawals exceed recharge and are becoming unsustainable

Climate change and lack of proper water governance exacerbate the situation Self-regulation and voluntary conservation instead of strategic collective action

Economic profile of the region

A long-term economic profile of the region should include contextual water risks consideration solutions, i.e., no united front and no united plan. In the meantime, demand for irrigation exceeds the rate of recharge such that the aquifer is on track to be 70% depleted by $2070.^{vii}$

Given the regulatory and political reality of water governance in these states, businesses and farmers are incentivized to self-regulate and create voluntary conservation practices. These include regional efforts to raise awareness of the issue and individual producer responsibility, wider adoption of advanced efficient production technologies, application of weather-based scheduling tools, precision irrigation technologies (over 90% of all irrigated land in Kansas is under centre pivot irrigation^{viii}), changing land-use and farming methods, and introducing drought-tolerant crop varieties.

Complex situation: agribusiness and water

Agricultural production in the Great Plains maintains the livelihoods of millions and produces one quarter of all crops in the US, including commodities like wheat, corn, sorghum, alfalfa, and cotton, which is worth over USD 35 billion a year. In 2017, beef cattle production across the Great Plains contributed USD 43 billion to the economy.^{ix} The so-called 'breadbasket' region is the most groundwater-intensive region in the country where 90% of the water is used for irrigation purposes.

The Federal crop insurance programme, farm bill and government subsidies rolled out for COVID-19 relief and lost exports seems to have intensified water use and encouraged irrigated land expansion.^x Despite the declining water table, irrigated acreage continues to expand with water management practices still lagging soil management. A study by Stephen Lauer and Matthew Sanderson,^{xi} looking into whether larger irrigated acreage would lead to social development, including, for example, increased income, education and health to residents, found negligible impact.^{xii} Thus, what would it take to make agriculture more sustainable in the region? Reduction in water withdrawal to the natural recharge rate might extend the economic life of the aquifer, but it would also lead to lower yields and negatively impact livelihoods.

Regional water impacts and farmer attitudes

The scope of water-related risks faced by businesses and communities in the Great Plains runs from groundwater depletion to nitrate infiltration and polluted agricultural runoff entering waterways. Water quality impacts from polluted agricultural runoff is exacerbating growing tensions between agricultural and urban water users as well as governance authorities. Polluted runoff from agricultural lands (i.e. non-point source pollution containing nitrates and phosphates) infiltrates groundwater sources, potentially polluting drinking wells, and can also be carried by surface waters to urban treatment works.^{xiii} In fact, "Nitrates from agricultural runoff contaminate the water supplied to millions of US residents and the number of water supply systems experiencing nitrate concentration violations is increasing...Many cities are forced to invest in advanced treatment technologies or seek alternative water supplies that increase water prices."xiv

Contaminated agricultural runoff also pollutes rural municipal and private drinking wells. Many small communities are forced to invest in expensive treatment technologies, most notably, reverse osmosis that can easily drain the coffers of a small-town utility and add undue burden to a small, yet shrinking, rate base. "The towns at risk for nitrate in these areas share many characteristics. They are neighbours to the agriculture industry. They typically use groundwater."^{xv} However, because of the economic importance and political might of agribusiness in rural America, combined with inherent limitations in federal regulations, little is happening to address this shared water-related challenge at a meaningful scale.

Accounting for contextual water risk: a new approach creating a composite indicator

While it is challenging to determine the full extent of the contextual water risks posed by the unsustainable water use in the Ogallala Aquifer (or any other groundwater source globally), this much is clear: investors with a better understanding about how their portfolio companies assess, prioritize and address contextual water risks are also better positioned to recognize and reward credible water stewardship outcomes. In this assessment, we will showcase the different ways of how priority water risks are managed across the Packaged Foods subindustry, with a special focus on two companies' water stewardship practices within the Great Plains region.

Examining packaged food companies with material indicators

Morningstar Sustainalytics' ESG Risk Rating captures how 114 Packaged Foods companies in our comprehensive company universe address waterrelated risks at their own operations and supply chains through two key Material ESG Issues (MEIs): Resource Use and Resource Use – Supply Chain. Multiple management indicators are measuring companies' response and disclosure level to these MEIs. We selected a few key indicators to create two indices; alternatively we used composite indicators to firstly be able to identify trends at the sector level, and secondly to contextualize our two selected companies' performance in the wider subindustry group.

Created a 'Comprehensive Water Stewardship' composite indicator At the own operations level, a 'Comprehensive Water Stewardship' composite indicator was created, based on scores from four relevant indicators from the Resource Use MEI. We assigned 15% for both the water intensity indicator (E.1.2.7.1)^{xvi} and the water intensity trend indicator (E.1.2.7.2),^{xvii} 30% weight for the water risk management indicator (E.1.2.7.1)^{xviii} and 40% for the water management programmes indicator $(E.1.3.4)^{xix}$ due to the relevance of this indicator's criteria to implanting water stewardship.

Created a 'Supply-Chain Comprehensive Water Stewardship' composite indicator At the supply-chain level, we created a 'Supply-Chain Comprehensive Water Stewardship' composite indicator, building on the Supplier Environmental Programmes (E.2.1.1),^{xx} Sustainable Agricultural Programmes (E.2.1.3)^{xxi} and the Green Procurement Policy (E.2.1)^{xxii} indicator scores. Here, due to the relevance of the indicator, we assigned Supplier Environmental Programmes slightly higher with a 40% weight, and distributed the remaining 60% evenly between the other two indicators.

Through this approach, we were able to identify strong, adequate, weak and no management disclosure for each composite.^{xxiii} We found that Packaged Foods companies demonstrate room for improvement both within their direct operations as well as across their supply chains. However, we recognize that assessing comprehensive water stewardship strategies across an enterprise or supply chain is inherently more difficult than assessing GHG mitigation efforts.

A new approach for Packaged Foods - Composite Indicator analysis

The 114 Packaged Food companies' average performance at the own operations and supply-chain levels are 42.7 and 46.4, respectively. We attribute the slight difference in these average management scores to the substantial reliance on suppliers for Packaged Foods companies, which necessitates their focus to be placed on water-related risks in their supply chains. Exhibit 2 shows the distribution of Packaged Foods companies' water management performance at the own operations and supply-chain levels, as we assessed them based on the two composite indicators. We found that based on corporate disclosure, most companies (42% at own operations) were rated as having weak management and 34% were rated as having adequate management at supply-chain level. From an owned operations perspective, only 8% of companies were rated to have strong management, 32% an adequate programme and 18% did not disclose the necessary data to rate their enterprise level water management. On the supply-chain side, 23% of companies were rated to have strong management, 22% a weak programme and 21% did not disclose necessary data to rate their supply-chain management.

Exhibit 2: Packaged Foods companies' performance on Water stewardship

Among 114 Packaged Foods companies, most were rated as having weak water management



Source: Morningstar, Sustainalytics

Company selection, risk exposure and management profiles

In our sample of Packaged Foods companies, approximately 20% of them are registered in the US. We selected two of them due to their active water stewardship programmes in the Great Plains region: General Mills (GM), a leading packaged food company, and Tyson Foods, the largest US producer of processed chicken and beef. GM has more recently focused efforts on the supply chain, while Tyson is starting their journey within direct operations but also looking for opportunities in their supply chain. The company selection represents the reality of food companies' organizational structures but also where water lives in the value chain.

Benchmarked against its peers in terms of owned operations' risk profile, GM has its water intensity level well below that of peers, while Tyson's water intensity rate is significantly higher than the industry median.

Although both GM and Tyson have strong water risk management scores, their water management programmes lack disclosure on initiatives to reduce freshwater use. However, as the case studies attest, both companies have water stewardship programmes to mitigate water-related risk, including water efficiency goals and actions, which will result in reducing freshwater use. In fact, most companies state their water targets or goals in terms of "water reduction, conservation, efficiency" or similar, and very few explicitly refer to freshwater use, though the practical effect of such goals is of course reduced freshwater use.

Composite indicator analysis – General Mills and Tyson

The performance of our two selected companies, GM and Tyson Foods show that they are both addressing water-related risks better than their peers. GM's water risk management within its direct operations as well as its supply chains are found to be strong. Tyson Foods also performed better than its peers, albeit slightly lower when compared to GM. Tyson's water management of its direct operations (with a score of 61.25) and supply chain (with a score of 70) is found to be adequate (Exhibit 3).





Source: Morningstar Sustainalytics

How do these companies perform at site level?

Given GM's high dependency on farmers and work already accomplished within direct operations and priority watersheds, their approach more recently focuses on the supply chain as most of their water-use risk exists outside their direct operational control. To manage risks stemming from sourcing commodities in the Great Plains, they partner with the National Fish and Wildlife Foundation to advance regenerative agriculture on farms (i.e. a systems approach to growing healthy food while restoring soil and ecosystem health) with an emphasis on improving water-related outcomes. They also provide technical assistance to farmers and ranchers to help them develop management plans, design and implement best practices, participate in Farm Bill programmes, and share their experiences and lessons learned.

With its direct operations, Tyson needs to address contextual water risks directly at its sites. They have conducted a water risk assessment with the support of the World Resources Institute to understand how production plants impact the local watershed. The results of the assessment indicated that most of the water consumption from the aquifer lies in the supply chain. In a pragmatic approach, Tyson tends to focus efforts within the watershed where they are best positioned to influence and when they have direct control over an individual site, and water stewardship measures can be taken directly. As a result, they have developed contextual water target plans for two plant sites in the region (Kansas and Texas), along with other selected sites in the United States in accordance with the Alliance for Water Stewardship (AWS) Standards. These plans include actions to address water quantity and quality as well as governance and focus–not only within the production plant fence line, but also include actions outside the fence

line where the greatest water risk impacts are occurring. Exhibit 4 shows how these companies performed on individual indicator scores, as well as on the Water Stewardship management composite indicator.

Exhibit 4: General Mills and Tyson Foods – Water Stewardship management composite indicator score and underlying individual ESG Risk Rating indicator scores at the own operations level



Source: Morningstar Sustainalytics

Beyond own operations - corporate supply-chain level assessment

Regarding green procurement policies, GM and Tyson's green procurement initiatives are both weak (see Exhibit 5 below). Tyson Foods's supplier code of conduct includes a requirement to comply with environmental laws, regulations, and standards. The company engages with suppliers to provide education and resources to improve sustainable land management practices. However, the company does not have a formal policy that addresses process or product-related requirements. Both companies have engagement with suppliers to improve environmental performance but lack policies addressing product- and process-related requirements, or initiatives addressing office products. GM has embarked on several sustainable sourcing initiatives that target key ingredients, such as palm oil, oats, cocoa, sugar cane, vanilla, corn, wheat, and dairy products. The company issued a policy specifically targeting palm oil sourcing. However, a formal policy addressing green procurement for the entire supply chain is not disclosed. Exhibit 5: General Mills and Tyson Foods – Supply-Chain Water Stewardship management composite indicator score and underlying individual ESG Risk Rating indicator scores at the supply-chain level



Source: Morningstar Sustainalytics

In terms of supplier environmental programmes, Tyson lacks some key elements such as systematic consideration of suppliers' environmental performance during procurement. GM has a slightly stronger supplier programme, including the monitoring of suppliers' environmental performance, although it lacks similar components as Tyson.

Tyson has a strong and detailed sustainable agricultural programme to stimulate more sustainable agriculture. It does not own grain farms; the company is the largest purchaser of feed corn in the industry. With partners including the Environmental Defense Fund, My Farms and Farmers Business Network (FBN), the firm engages in various projects and pilots to work with farmers and ranchers, and providing them with tools to enhance the sustainability of cattle and row crop production. GM also has a strong and detailed programme to stimulate more sustainable agriculture. It has developed a plan to implement regenerative agriculture practices for its farmers and ranchers. This programme oversees advancement in three key areas: healthy soil, biodiversity and farmer economic resilience. The company has set a target to advance regenerative agriculture practices on one million acres of farmland by 2030.

Reflections on the ESG Risk Rating framework

Based on the regional analysis as well as the Packaged Foods subindustry examples, we draw the conclusion that water risks need to be considered beyond scarcity, and both investors and issuers should broaden the 'water risk radar' towards a more comprehensive approach that is inclusive of all types of physical, regulatory and reputational risks. Further, investors need to account for quality as well as regulatory and reputational risks. This recognizes the contextual nature of localized water risks that depend on how water is used at the physical location of sites and suppliers, as Morningstar Sustainalytics has already started to assess how to identify these risks among other ESG issues, and based on publicly available corporate water disclosures. xxiv Only then, is it possible to account for the full range of water-related financial, social and environmental risks and impacts. Companies' whole supply chains require proper assessment, from the operational, corporate to the supplier level. Capturing the appropriate level of exposure as well as the adequate scale and nuance of management is of utmost importance, especially in hotspot regions like the Great Plains.

Current ESG ratings methodologies also need to reflect the complexity of contextual water risk. Due to the current pace of water crises globally and the impact of Packaged Foods on water resources, the time to consider our approaches to evaluating company actions is now.

Conclusion – moving from water management to water stewardship

Multiple key lessons can be drawn for investors and issuers alike. Waterrelated risks will continue to proliferate within the Great Plains especially when coupled with depletion of the Ogallala Aquifer. Water stress here and across the US in agriculturally intensive regions should garner more attention and action given the importance of water-fueled economic activity in such regions. This means that agribusiness will continue to struggle with water availability and quality, while operating in a region without an overarching water authority to coordinate mitigation efforts. In fact, this set of characteristics describes many of the most agriculturally intensive regions globally.

Our assessment of the Packaged Food subindustry, of which 22 is registered in the US, shows that all 114 companies experience water-related risk in a variety of ways based on their business model (e.g. primary risk through direct operations vs supply chain). Based on available disclosure in the Packaged Foods subindustry, 60% of companies in direct operations and 43% in supply chains are found to have disclosed weak or no comprehensive water management practices.

General Mills and Tyson Foods are examples of companies performing above the subindustry average, in how they manage relevant water risks while positively contributing to catchment-wide solutions. Both companies are engaging with stakeholders to address shared water-related challenges and are setting an example for others in the industry and region to follow.

However, this complex situation that General Mills and Tyson are each addressing in different ways is not unique to the Great Plains, it is already the reality around the world for businesses in many different sectors. Water requires multiple stakeholders' joint action to steward resources in any given watershed that serves and benefits them all. When water users recognize that their individual water security hinges on stakeholder engagement and others' actions, then transformational change is possible in each watershed.

End Notes

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^{xvi} **water intensity** indicator: This indicator assesses a company's water withdrawal intensity performance by comparing its water withdrawal intensity in a given fiscal year to the median intensity of its industry group (companies water intensity is calculated based on reported water withdrawal over revenues),

xvii water intensity trend indicator (E.1.2.7.2),

^{xviii} the **water risk management** indicator (E.1.2.7.1): This indicator assesses a company's initiatives to mitigate and reduce the operational, regulatory, market and/or reputational risks posed by water scarcity, including looking at its integration in the company's overall risk management process and evidence of executive level oversight of water risks,

^{xix} water management programmes indicator (E.1.3.4) This indicator assesses a company's programmes to minimize the overall reliance of its business activities on water. Freshwater use and management are the focus of this indicator. Initiatives that aim to reduce the use of freshwater, such as technological improvements or substituting freshwater with saline water or wastewater, receive the highest weighting in assessing this indicator. Other considerations include specific targets (either absolute or intensity-based) that support achieving water use reductions. Managerial oversight, monitoring and reporting on water use are also given credit.

^{xx} **Supplier Environmental Programmes** (E.2.1.1)^{xx,} This indicator assesses a company's initiatives to address environmental issues and risks in its supply chain, including pre-screening as well as regular performance monitoring and use of binding environment clauses in contracts.

^{xxi} the **Sustainable Agricultural Programm**es (E.2.1.3) This indicator assesses a company's programmes to stimulate more sustainable agriculture, including establishment of quantitative targets and deadlines.

^{xxii} **Green Procurement policy** (E.2.1)^{xxii} This indicator assesses a company's commitment and initiatives to purchase products and services that cause minimal adverse environmental impacts and generally integrate environmental considerations (from manufacturing to disposal) into purchasing decisions.

^{xxiii} The relationship between indicator scores, composite indicator scores, and rating categories are as follows:

1. ESG Risk Rating Indicators scores and rating categories

Own ops indicators:

For Water Risk Management: 0: doesn't have a program - 33: weak program - 66: adequate program - 100: strong program. For Water Management Program: 0: no - 25: weak - 50: adequate - 100: strong. For Water Intensity: 0: well above the industry median - 20: insufficient disclosure - 25: above industry median - 50: in line with industry median - 75: below industry median - 100: well below industry median

Supply-chain indicators:

For Green Procurement Policy: 100_ strong - 60: adequate - 40: weak - 30: The company has a general statement on green procurement - 0: no evidence to show there is a program.

For Supplier Environmental Programs: 100: strong program - 70: adequate program - 40: weak program - 30: initiatives but no evidence of a formal program - 0: no evidence to show there is a program.

For Sustainable Agricultural Programs: 100: strong - 50: adequate - 25: weak - 0: no evidence disclosed

2. Composite indicator scores and rating categories

Own Operations comprehensive water management: 100-76 : strong program – 75- 50: adequate program - 49-25: weak - None:0

Supply Chain comprehensive water management: 100-71: strong management - 70- 41: adequate management - 40-25: weak management - no evidence to show there is a program

^{xxiv} Kata Molnar, Dana Sasarean (2021) Does Your Company Face Water-Related Investment Risk? Accessed (10.08.2022) at <u>https://www.morningstar.com/articles/1072495/does-your-company-face-water-related-investment-risk</u>