Making the most of CDP water
Guidance on how to streamline your CDP water response and make your submission investor-ready

March 2017
What is CDP water?

Backed by 827 institutional investors with $100 trillion in assets during the 2016 disclosure cycle, CDP holds the largest collection of voluntarily reported climate change, forest and water data in the world. Each February, CDP releases its water information request and respondents have until the end of June to submit a response. The questionnaire requests qualitative and quantitative information on company water use, performance trends, goals for reducing water use, internal governance practices and assessment of water risks and opportunities.

Why respond?

The process of responding to the water questionnaire helps organizations, investors and other stakeholders better understand the risks and opportunities associated with water-related issues. Responding to the questionnaire can 1) increase your organization’s transparency to investors and other stakeholders, 2) provide a platform to investigate and manage water-related risk internally and 3) help your organization explore opportunities available to increase efficiency and reduce operational cost.

Getting started

To streamline reporting, we recommend the following:

- Plan for iterative internal engagement. It may take several conversations until you find those with the specialized business-specific knowledge to answer each of CDP’s questions.

- Determine the stakeholders responsible for risk assessment and business continuity in your organization. Meet with them to discuss how water risks have been considered and to what extent. Keep in mind that they may have already evaluated some water risks such as flooding, while other water risks may need to be incorporated into existing processes over time.

- Water data is not always provided by utilities at regular intervals and can be of lesser quality than energy data, therefore plan to assemble and check data well ahead of deadlines. Look for data gaps, large swings from year to year and other outliers, and work with facility managers or other responsible parties to confirm identified anomalies.

- Consider CDP as a project. Identify a project manager who can prepare a strategy and work plan, establish regularly scheduled status meetings and enforce project milestones to ensure you submit by the late June deadline.

Scoring

Companies are assessed on four levels – Disclosure, Awareness, Management and Leadership – which are intended to represent the path to water stewardship. An organization’s letter grade is awarded based on points earned across these four levels (see Figure 1). A minimum score of 80% is required at each level to be assessed at the next level. For example, if your organization receives a score of 90% on Disclosure, you will then be scored on Awareness. Subsequently, if you receive a score of 60% on Awareness, you will not be scored on Management or Leadership. Within each level, organizations that score below 44% will receive a letter score with a minus qualifier (“-”).

Scoring has evolved over the years, from a pilot-to-private scoring system in the past, to the current public scoring system and the Water A List.

For more information on scoring, see CDP’s 2017 Scoring Introduction.
**Be investor-ready**

CDP’s investors use data from CDP water responses to inform investment decisions and engage with the companies they invest in. Responding to CDP is an opportunity to highlight your successes in water management. In particular, the most successful responses will include:

- board-level oversight for water performance;
- complete, thorough and consistent water accounting, which includes water withdrawals, discharges and consumption at the facility level;
- comprehensive risk assessment procedures and results;
- a robust water policy that covers multiple aspects;
- setting and showing progress against water goals/targets; and;
- CDP response sign-off by senior management (i.e., board chairman, board/executive board, director on board, C-suite officer or president).

**Maximizing your score**

There are a few keys to scoring well on CDP that apply to all questions.

- Do not leave anything blank. In general, you will receive credit for “zero” and “I don’t know” responses, but you will receive no credit for questions that are left blank.
- CDP requests “company-specific” language throughout the questionnaire. It is important to provide sufficient detail in your explanations to make it clear that your response applies to your organization alone. CDP is looking for examples and case studies that clearly illustrate your organization’s specific risks, opportunities and management approaches. A good test for this is to replace your organization’s name with that of a peer. If the statement or story still applies, it is not company-specific.
- In your narrative responses throughout the questionnaire, CDP often wants more detailed information than the question states. It is important to review both CDP’s guidance document and scoring methodology in addition to the questionnaire itself to understand what specific details are being requested. It is also a good idea to use CDP’s formatting – if the scoring guidance asks for three items labeled i, ii and iii, then label your response accordingly. This makes it easy for evaluators to see that you have provided a complete response.

### Specific question guidance

There are a number of questions that have a large number of points available. Maximizing your score on these questions will improve your overall score.

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**Water Monitoring**: Improve data tracking and estimation methodologies to include as many water metrics as possible, including withdrawals and discharges.

**Risk Assessment Procedures**: Learn what topics are included in enterprise-wide risk assessments. Coordinate with internal stakeholders responsible for risk assessment to integrate water into their existing processes.

**Risk Assessment Contextual Issues**: Determine the relevance of each item through a materiality assessment. Explain how they are/are not included in your risk assessment. Be sure to explain items that are not relevant.

**Water Risk Details**: Be sure to include every aspect of your risk assessment on the tables (including financial implications). Fully describe at least one risk.

**Facility Level Data**: Report facility level water data for all facilities exposed to water-related risks. Improve data tracking and estimation methodologies to include as many water metrics as possible, including withdrawals and discharges.

**Water Policy**: Develop a robust, company-wide public water policy including performance standards for operations and suppliers, customer education and acknowledgement of the human right to water, sanitation and hygiene.
What’s next

Completing the CDP water response is a great step for any organization interested in improving their water stewardship. This disclosure encourages transparency and provides information about your risks, opportunities, management and performance to your stakeholders. Answering the questionnaire will help you identify areas for improvement in your water stewardship program, which you can use as a roadmap for your organization.

ABOUT WSP AND CDP

In 2017, WSP was named a CDP climate change consultancy partner in the U.S. for a seventh year and a second year climate change consultancy partner in Canada. We are in our third year as a CDP water consultancy partner in the U.S. and became a partner to the CDP cities program in 2016. As an accredited provider, WSP is committed to working alongside CDP to support high-quality disclosure of climate change, water and forests information from companies and cities across the globe. In this role, WSP advises CDP on its programs and provides guidance and support to CDP respondents through CDP-sponsored webinars, presentations at live events, white papers and other media.

Our CDP advisory services are complemented by technical capability in GHG management, sustainable energy, climate preparedness, and sustainability strategy, positioning us to manage a diverse array of sustainability issues for clients across sectors. WSP has provided direct support to over 100 clients in developing environmental inventories and has helped clients prepare responses to CDP’s information requests since CDP’s inception. In 2016, 100% of WSP’s clients responding to CDP’s information requests scored a B or above. Additionally, WSP provided sustainability support to 10 companies named to CDP’s A-List in 2016.

ABOUT WSP

WSP, one of the world’s leading engineering and professional services consulting firms, provides services designed to transform the built environment and restore the natural one. The firm’s expertise ranges from environmental remediation and urban planning, to engineering iconic buildings and designing sustainable transport networks, to developing the energy sources of the future and creating innovations that reduce environmental impact. Approximately 36,700 employees, including engineers, technicians, scientists, planners, surveyors, program and construction management professionals, as well as various environmental and sustainability experts, work for this dynamic organization in more than 500 offices across 40 countries worldwide. Find out more at wsp.com.

At WSP, we work closely with our clients to shape strategic and sustainable approaches to improving business performance and reporting in a carbon conscious economy. We help our clients quantify and report GHG emissions and identify, evaluate and implement cost-effective means to achieve GHG reductions. We also assist our clients in tracking water withdrawals, discharges and use; assessing operational and supply chain water risk; and improving water stewardship. Our sustainability and energy team has a proven track record with many organizations, several of which we have worked with for more than a decade. We have been providing these services since 1995 and have provided sustainability support to over 100 clients. Investigate our sustainability and energy capabilities at wsp.com.

For more information on CDP water or our sustainability services, please contact:

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