



Biodiversity.

How US Companies are Reporting
Nature-Related Disclosures

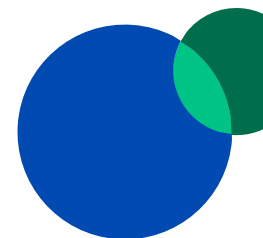
September 2023



LABRADOR

Transparency by design

Table of Contents



3	Introduction
5	Recommendations from the Taskforce on Nature-related Financial Disclosures
8	Other Biodiversity Developments
10	Disclosure Examples
14	Citations

Explore

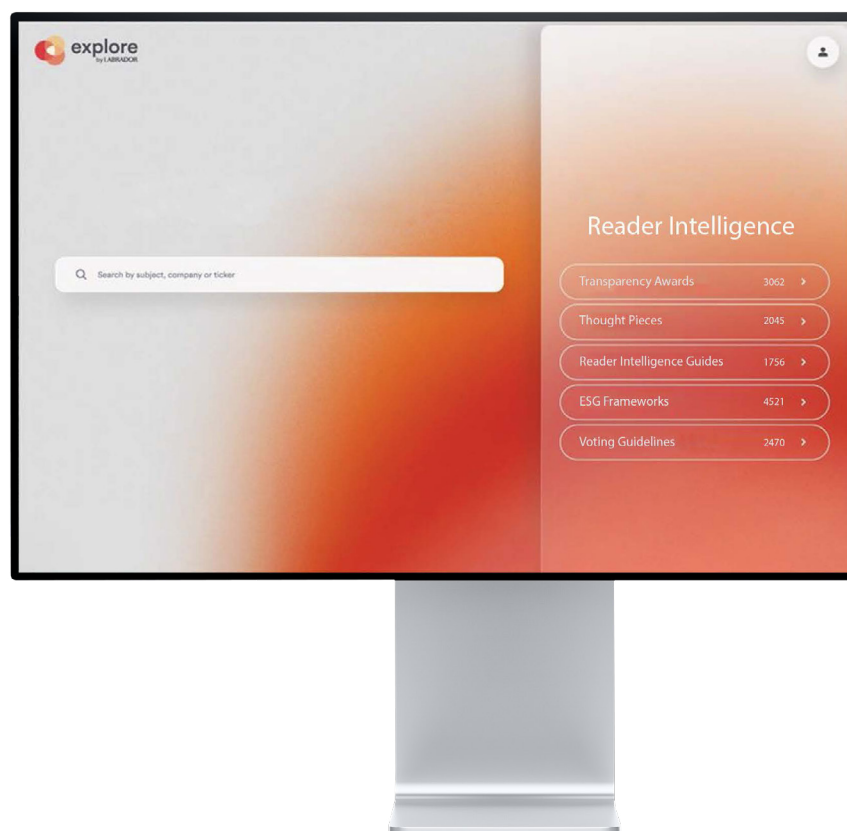
Dive into the world of informed decisions. Our unique database offers:

- On-demand benchmarking of graphics across Fortune 250 ESG Reports, Annual Reports, and Proxy Statements
- Text search across Fortune 250 disclosures
- Searchable Reader Intelligence Guides for Annual Reports, ESG Reports and Proxy Statements

Learn more at <https://labrador-explore.com>

For a demonstration and your log-in details contact

labrador.pm@labrador-company.com



Introduction

Biodiversity is the variety of life that exists on Earth—from the genetic diversity among animal, plant and other species to the diversity of ecosystems in which we live. But it is far from simple! Often referred to as nature, biodiversity is the intricate system of all organisms on Earth working together to support life.¹

Responding to investor and other stakeholder demands for biodiversity-related information, companies are beginning to assess and disclose both how their business activities impact nature and how the destruction of nature in turn impacts their ability to do business in the short, medium and long term. More and more companies are striving not merely to lessen their footprint but to become “nature positive,” and new nature-related disclosure regulations, along with voluntary targets and frameworks, have emerged to guide them in reporting on progress.

This thought piece examines why biodiversity is important, updates on new nature-related science-based targets and reporting frameworks, and examples of nature-related disclosures from companies across diverse industries.

Why should companies care about biodiversity?

According to the World Economic Forum, more than half of global gross domestic product (GDP)—about \$44 trillion USD—relies on biodiversity, especially industry sectors like construction, agriculture, and food and beverages, forestry, mining, energy, and manufacturing sectors.² For example, industries such as food and beverage production need access to clean water, while agriculture needs not only clean water but also healthy soils. Destruction of natural resources can lead to increased business costs (from supply chain disruptions to increased regulatory compliance and fines), reduced productivity, loss of reputation and market share, and more. On the flip side, companies that manage their biodiversity risks and opportunities well can see reduced costs, increased productivity, improved reputation and market share, and other benefits.

Looking beyond the corporate sphere, biodiverse ecosystems provide services like pollination, water purification, pest control, healthy soils and climate regulation that are critical to meeting the UN Sustainable Development Goals. Reversing biodiversity loss helps combat climate change, lessen water and food insecurity, prevent future pandemics, and advance equitable development and rights and contributions of Indigenous Peoples.

¹ World Wildlife Fund. [“What is Biodiversity?”](#)

² Studer, Nick. (January 26, 2023). [“Half of global GDP relies on nature—but it’s being wiped out. Here’s the business case for investing in biodiversity.”](#) *Fortune*.

It comes as no surprise that humans are the biggest threat to biodiversity as our consumption of natural resources increases. According to the World Wildlife Foundation^{3,4}:

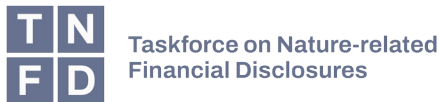
- We have lost 69% of global populations of mammals, birds, reptiles and amphibians since 1970.
- We have significantly altered three-quarters of the land-based environment and roughly 66% of the ocean environment.
- More than a third of the world's land surface and nearly 75% of freshwater resources are now devoted to crop or livestock production.
- Beyond losing direct access to these natural resources, their destruction creates negative cycles that make other problems worse. For example, the destruction of forests contributes more to global warming than aviation and cement production combined.



³ Studer, Nick. (January 26, 2023). "Half of global GDP relies on nature—but it's being wiped out. Here's the business case for investing in biodiversity." *Fortune*.

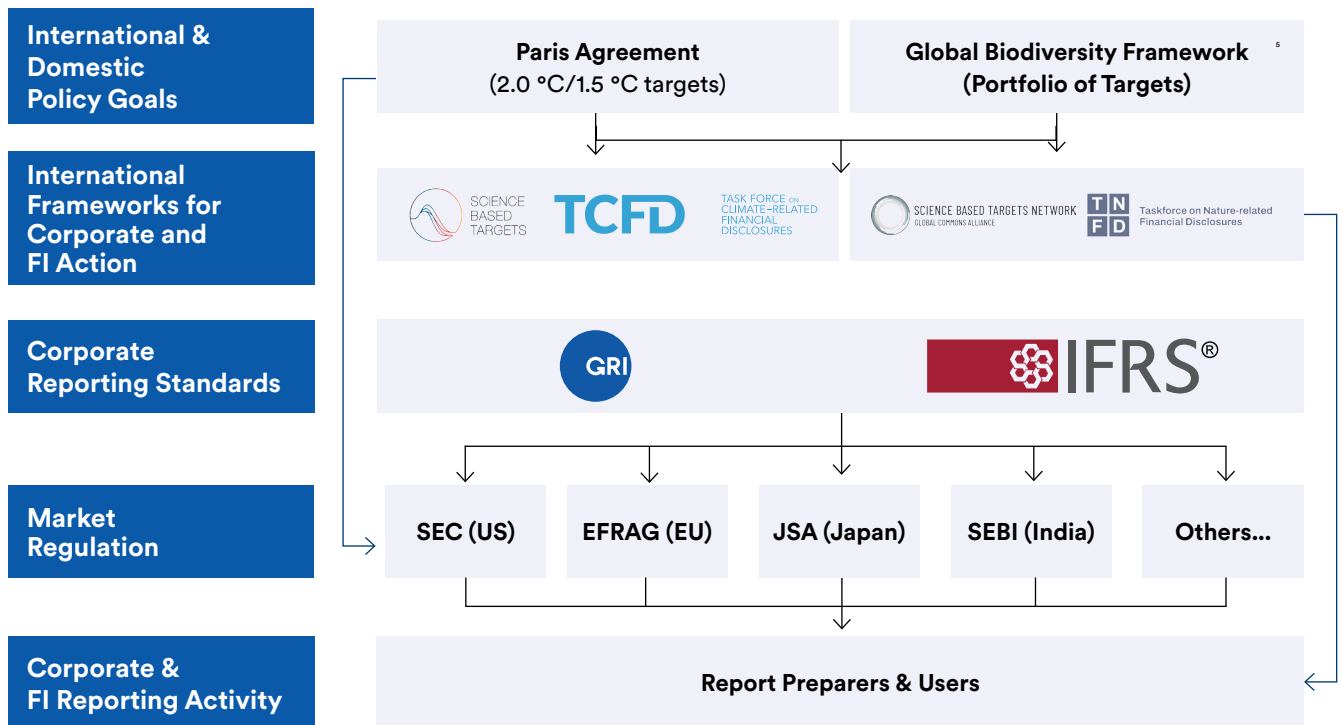
⁴ World Wildlife Fund. [Living Planet Report 2022](#).

Recommendations from the Taskforce on Nature-related Financial Disclosures



In September 2023, the [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#) released its final disclosure recommendations for corporate environmental, social and governance (ESG) or sustainability reporting.

TNFD is a global, market-led, science-based and government-supported initiative to help respond to the imperative to factor nature into financial and business decisions.⁵ The recommendations are designed for companies and financial institutions of all sizes, across all sectors and along value chains, to identify and assess their nature-related risks and opportunities. The recommended framework is closely aligned with, and builds on, the [Taskforce for Climate-Related Disclosure \(TCFD\)](#), which has already been adopted by companies and regulators around the world and is now part of the voluntary standards of the [International Sustainability Standards Board \(ISSB\)](#).



⁵ Taskforce on Nature-related Financial Disclosures. (September 2023). [“Recommendations of the Taskforce on Nature-related Financial Disclosures.”](#)

The four pillars of TNFD are governance, strategy, risk/impact management, and metrics and targets. The TNFD expands on each of these pillars with 14 additional recommended disclosures.

TNFD Nature-related Disclosure Recommendations⁵

<p>1 Governance</p> <p>Disclose the organisation's governance around nature-related dependencies, impacts, risks and opportunities.</p>	<p>Recommended Disclosures</p> <p>A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</p> <p>B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.</p>
<p>2 Strategy</p> <p>Disclose the actual and potential impacts of nature-related dependencies, impacts, risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.</p>	<p>Recommended Disclosures</p> <p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>B. Describe the effect nature-related risks and opportunities have had and may have on the organisation's businesses, strategy, and financial planning.</p> <p>C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p> <p>D. Disclose the locations where there are assets and/or activities in the organisation's direct operations, and upstream and/or downstream and/or financed where relevant, that are in priority areas.</p>
<p>3 Risk & Impact Management</p> <p>Disclose how the organisation identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities.</p>	<p>Recommended Disclosures</p> <p>A. (i) Describe the organisation's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p>A. (ii) Describe the organisation's approach to identifying nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s) and financed activities and assets.</p> <p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities and actions taken in light of these processes.</p> <p>C. Describe how processes for identifying, assessing and managing nature-related risks are integrated into the organisation's overall risk management.</p> <p>D. Describe how affected stakeholders are engaged by the organisation in its assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p>
<p>4 Metrics & Targets</p> <p>Disclose the metrics and targets used to assess and manage relevant nature-related dependencies, impacts, risks and opportunities where such information is material.</p>	<p>Recommended Disclosures</p> <p>A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.</p> <p>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

⁵ Taskforce on Nature-related Financial Disclosures. (September 2023). "[Recommendations of the Taskforce on Nature-related Financial Disclosures.](#)"

Using the TNFD recommendations will provide many benefits to companies, including:

- Identifying and managing nature-related risks and opportunities.
- Improving corporate reputation, thereby attracting more sustainability-focused investment.
- Assisting with compliance with the new EU Corporate Sustainability Reporting Directive (CSRD), which includes a biodiversity and ecosystems standard.

Overall, the TNFD recommendations are a valuable tool for companies that want to manage their nature-related risks and opportunities. They are expected to become increasingly popular in the years to come.

Other Biodiversity Developments

In addition to the release of the final TNFD recommendations, there have been other developments internationally to help companies improve their management and reporting related to biodiversity.

Definition of “nature positive by 2030”	<p>In September 2023, 27 global nature conservation organizations, institutes, and business and finance coalitions launched the Nature Positive Initiative and a Global Goal for Nature. Aligned with the 2022 Kunming-Montreal Global Biodiversity Framework under the UN Convention on Biological Diversity—what some call the “Paris moment for nature”—the new “Nature positive by 2030” goal refers to “halting and reversing biodiversity loss by 2030 from a 2020 baseline, through measurable gains in the health, abundance, diversity and resilience of species, ecosystems, and natural processes.” With this common definition and goal in place, next steps include bringing business, financial institutions, governments, non-profits and other stakeholders together to create common metrics and standardized tools and practices for measurement and reporting on impacts and contributions.</p>
Science-based targets for nature	<p>In 2023, the Science Based Targets Network (SBTN) released the first three steps and related technical guidance to guide companies in setting, implementing and tracking progress on science-based targets for nature across freshwater, land, biodiversity, ocean and climate. The five-step process includes assessment, prioritization, setting targets, act and track progress. The SBTN is part of the global Commons Alliance, a network of organizations—including the Science-Based Targets Initiative (SBTi) and the TNFD—working together to positively transform the world’s economic systems and protect the global commons. In 2024, guidance and tools will be released on the act and track steps of the process. The process for companies to get their targets validated is currently being piloted.</p>

<p>ESRS E4 Biodiversity and Ecosystems Standard</p>	<p>In July 2023, the European Union finalized the European Financial Reporting Standards (ESRS) called for under its new Corporate Sustainability Reporting Directive (CSRD). Should a company’s double materiality assessment and other analysis determine that biodiversity is a material topic, companies that fall under the directive will be required to use ESRS E4 Biodiversity and Ecosystems to guide them in disclosing information like their transition plans in line with the targets of no net loss by 2030 and net gain by 2050, the resilience of their strategy and business model to biodiversity and ecosystem-related physical and transition risks (including financial exposure and opportunities), and the roles and responsibilities of governance bodies on public policy influence.</p>
<p>Updated GRI Biodiversity Topic Standard</p>	<p>In 2021, the Global Reporting Initiative (GRI) began updating its GRI 304: Biodiversity 2016 Topic Standard to better align with global best practices on biodiversity management, including with the 2022 UN Kunming-Montreal Global Biodiversity Framework. The updated standard should be released in late 2023.</p>

Disclosure Examples

Many US companies in industries that rely heavily on nature are already assessing, managing and disclosing their biodiversity risks and opportunities in their annual ESG or sustainability reports. While such disclosure is not mandatory in the U.S., companies are striving to satisfy their stakeholders' demands for transparent reporting. Below are several examples of such disclosures.

2022 ADM Corporate Sustainability Report

In addition to reporting according to the four pillars of TCFD, ADM expanded its 2022 biodiversity disclosures to closely align with the TNFD recommendations.

Scaling Impact
2022 Corporate Sustainability Report

ADM

Protect Nature

Nature sustains us, and we must protect it.

Nature provides us with many essential services, including the air we breathe, the food we eat, and the water we drink, as well as medicines and recreational opportunities. Biodiversity is a critical element of our nature. Around the world, the soil microclimate supports plant growth while insects, birds, and bats pollinate these plants. Scientists continue to discover new species, but alarmingly, biodiversity loss is greatly outpacing these discoveries.

At ADM, we have an unwavering commitment to global sustainability to create positive impact on the world and contribute to the greater good. With our vast supply chain, direct connections with growers, and ambitious environmental goals, we are in a position to make meaningful change to support global biodiversity through our efforts in land, climate, and fresh water. We have identified the following key items:

- Biodiversity management** Working with local organizations to restore and reforest ecosystems and monitor animal activity
- No-Deforestation** Improving traceability and supplier engagement to ensure our supply chains are deforestation-free
- Regenerative agriculture** Collaborating across the supply chain to normalize the use of practices that improve soil health, biodiversity, water quality, and GHG emissions
- GHG emissions reduction** Implementing projects that reduce our carbon footprint, improve our energy intensity, and increase our low-carbon energy usage
- Innovation** Developing and improving products and processes to lower our environmental footprint, including plant-based alternatives to traditional petroleum-derived products
- Water reduction** Reducing water withdrawal at our facilities

Operational Water Efficiency and Reduction

In 2022, although we continued our work to reduce our water intensity, we faced significant headwinds. Specifically, a promising new recapture technology that was scheduled to be piloted was put on hold due to supply chain interruptions. In addition, our production value, which we use as the normalizing factor in our intensity calculation, was down by 12% this year at our Major Water Users Group (MWUG) facilities. These two factors combined for a disappointing result in our 2022 water intensity number even though our water withdrawal was lower than the baseline. This discrepancy between absolute reductions and increased water intensity, as well as a lack of alignment with how we disclose our water data via CDP, led us to re-evaluate our water goal. After review and vetting by the Global C&E, Scribe JS committee, and Sustainability and Corporate Responsibility Committee of the Board, we have decided to refocus our water goal as an absolute reduction of water withdrawal. By 2025, we will reduce our absolute water consumption 10% over a 2019 baseline.

Water withdrawal consists of municipal water, surface water, well water, rain water, and wastewater purchased from third parties. For our reduction goal, focusing on reuse, recycle, and reclaim within our operations will allow us to make progress toward our goals and reduce our freshwater intake needs.

In 2022 we implemented several projects that resulted in reduced water withdrawal:

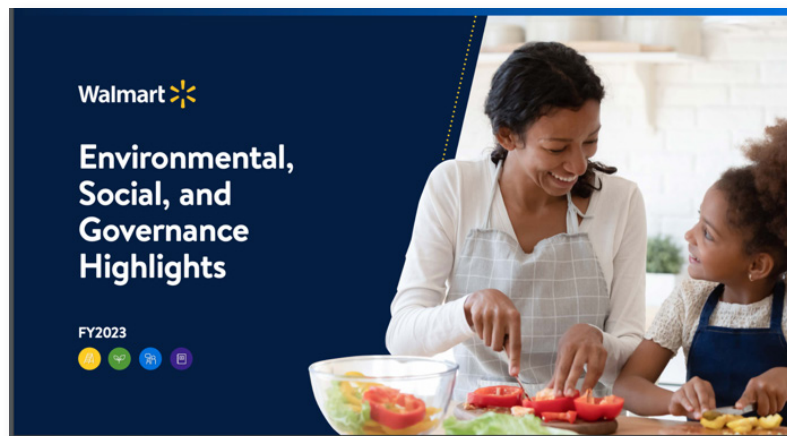
- In Decatur, Illinois, we implemented steam condensate system improvements expected to result in a water savings of nearly 180,000 m³, energy reduction of around 16,000 kWh, and operating cost savings of over \$440,000 annually.
- At our biodiesel facility in Rondonópolis, Mato Grosso, Brazil, we focused on process optimization with a resulting water savings of around 40,000 m³ per year.
- At our olefins facility in Lyck, Germany, we installed an additional gravel filter for our cooling water, which allows us to save approximately 138,000 m³ of water per year.

TARGET
Water 10%
Absolute reduction in water withdrawal over 2019 baseline by 2025

Metric	2019 (Baseline)	2022	Change
Water Withdrawal (million cubic meters)	114.9	113.8	Reduction of 1.0%
Water Intensity (m ³ /ton of product produced)	2.93	2.96	Increase of 9.9%

2022 Walmart ESG Report

Walmart, the world's largest retailer, is committed to becoming a regenerative company, setting biodiversity protection goals recognizing the TNFD recommendations.

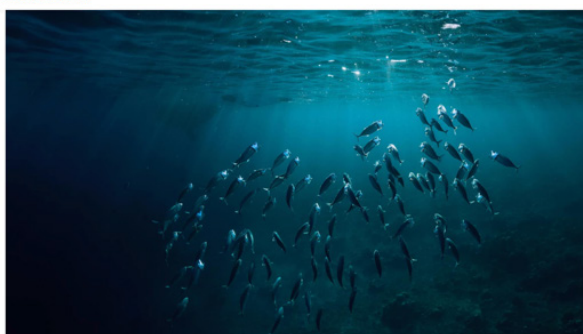


Key Goals & Metrics

	Metric	FY2021	FY2022	FY2023
Walmart goal: to help protect, sustainably manage, or restore at least 50 million acres of land and 1 million square miles of ocean by 2030	Acres of land engaged in protection, more sustainable management, or restoration	New goal	>11 million acres	>30 million acres
Walmart goal: to help protect, sustainably manage, or restore at least 50 million acres of land and 1 million square miles of ocean by 2030	Square miles of ocean engaged in protection, more sustainable management, or restoration ¹	New goal	>1.2 million square miles	>1.4 million square miles
Walmart's Sustainable Production of Commodities				
Walmart's suppliers to report on their nature	Number of suppliers reporting through Project Gigaton's nature pillar ²	>430	>550	>800

Regeneration of Natural Resources: Forests, Land, Oceans

Our Aspiration | Key Goals & Metrics | Relevance to Our Business & Society | Walmart's Approach | Key Strategies & Progress | Challenges



Our Aspiration

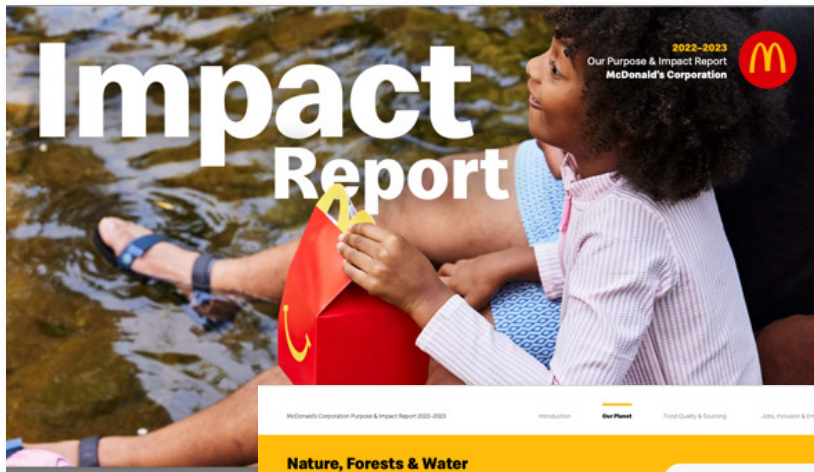
We aspire to become a **regenerative company**, one dedicated to placing nature and humanity at the center of our business practices. In support of this ambition, Walmart and the Walmart Foundation have set a goal to help protect, more sustainably manage, or restore at least 50 million acres of land and 1 million square miles of ocean by 2030.

Abbreviations: Walmart U.S. = "WUS"; Sam's Club U.S. = "SAM"; Walmart Canada = "WCAN"; Walmart Mexico = "WMEX"; Walmart Central America = "WCAM"; Walmart Chile = "WCHL"; Walmart China = "WCHN"

Ocean Commodities				
Fresh & Frozen Seafood By 2025, all Walmart U.S., Sam's Club U.S., Walmart Canada, Walmart Mexico and Walmart Central America fresh, frozen, farmed and wild-caught seafood suppliers will source from fisheries that are third-party certified as sustainable, actively working toward certification or engaged in a fishery improvement project (FIP) or Aquaculture Improvement Project (AIP) ¹	Percentage of more sustainably sourced fresh and frozen, wild-caught and farmed, seafood, based on supplier reports	WUS: ~100% SAM: ~100% WCAN: 89% WMEX: 61% WCAM: 73% ⁴	WUS: ~99% SAM: ~99% WCAN: 96% WMEX: 82% WCAM: 76% ⁵	WUS: ~96% SAM: ~99% WCAN: 93% WMEX: 89% WCAM: 71% ⁶
Percentage of wild-caught, fresh and frozen seafood more sustainably sourced, based on supplier reports	Percentage of fresh and frozen farmed seafood more sustainably sourced, based on supplier reports	WUS: 98% SAM: 100% WCAN: 88% WMEX: 37% WCAM: 22% ⁷	WUS: 97% SAM: 99% WCAN: 91% WMEX: 2% WCAM: 42% ⁸	WUS: 90% SAM: 98% WCAN: 91% WMEX: 2% WCAM: 9% ⁹
	Percentage of fresh and frozen farmed seafood more sustainably sourced, based on supplier reports	WUS: 100% SAM: 100% WCAN: 94% WMEX: 83% ¹⁰	WUS: 99% SAM: 99% WCAN: 97% WMEX: 94% WCAM: 81% ¹¹	WUS: 98% SAM: 99% WCAN: 90% WMEX: 98% WCAM: 76% ¹²
Canned Tuna By 2025, Walmart U.S., Sam's Club U.S. and Walmart Canada will require all canned light and white tuna suppliers to source from fisheries that are third-party certified as sustainable, actively working toward certification, or engaged in a fishery improvement project (FIP) ¹³	Percentage of canned tuna more sustainably sourced, based on supplier reports ¹⁴	WUS (national and private brand): 35% SAM: 3% WCAN: 34% ¹⁵	WUS (national and private brand): 70% SAM: 50% WCAN: 31% ¹⁶	WUS (national and private brand): 95% SAM: 91% WCAN: 40% ¹⁷
Forest Commodities				
Coffee: Source private brand coffee more sustainably	Percentage of private brand coffee net sales represented by products certified as more sustainably sourced, based on supplier reports ¹⁸	WUS: 100% SAM: 92% Total WUS and SAM: 98%	WUS: 100% SAM: 93% Total WUS and SAM: 98% ¹⁹	WUS: 100% SAM: 93% Total WUS and SAM: 98%
Tea: Source 100% of Walmart U.S. private brand black and green tea bags and instant iced teas as certified	Percentage of private brand black and green tea bags and instant iced tea products that were certified as more sustainably sourced, based on supplier reports ²⁰		100% ²¹	100%

2022-2023 McDonald's Corporation Our Purpose & Impact Report

McDonald's has long been under scrutiny for its food sourcing practices and their impact on lands and forests around the world, especially in South America. Today their goal is to eliminate deforestation from their global supply chains by the end of 2030.



McDonald's Corporation Purpose & Impact Report 2022-2023

Introduction **Our Planet** Food Quality & Sourcing Jobs, Inclusion & Empowerment Community Connection S&PB Index 26

Nature, Forests & Water

We're taking a holistic approach to protecting natural resources, the communities that rely on them and the future of our business.

We aim to help manage nature-related risks and build resilience by working with farmers to preserve and regenerate nature, and support biodiversity.

Water is also a critical resource at every step of our value chain, from supplier processes to our restaurant and office operations. These issues are closely connected to our work in climate action, responsible sourcing and human rights.

The Primary Commodities We Source

Natural resources – like healthy soils, grasslands and forests – are particularly important to the farming systems and communities that produce food for our menus. We prioritize specific requirements in certain regions and countries based on our definitions of low and high priority regions as related to deforestation risk, taking into account supply chain data and trends.

See our Definitions of Deforestation section for more details on how these are defined.

- Beef** McDonald's requires that all the beef we source meets the requirements of our Deforestation-Free Beef Procurement Policy and Commitment on Forests.¹⁶
- Soy (for Chicken Feed)** We require all soy for chicken feed to be sourced from low risk.
- Palm Oil** Palm oil sourced for McDonald's restaurants or as an ingredient in McDonald's products must meet the requirements of Roundtable on Sustainable Palm Oil (RSPO) certification.¹⁸
- Coffee** McDonald's requires coffee sourced from Honduras, Indonesia and Vietnam to be Rainforest Alliance Certified¹⁷ because they have been identified as high-deforestation regions.
- Fiber Used in Primary Guest Packaging** McDonald's requires that our primary fiber supply is sourced from Forest Stewardship Council¹⁹ (FSC) or equivalent FSC-certified.

McDonald's Corporation Purpose & Impact Report 2022-2023

Introduction Our Planet **Food Quality & Sourcing** Jobs, Inclusion & Empowerment Community Connection S&PB Index 28

Our Strategy in Brief

To uphold our brand value of doing the right thing and to our long-term ability to provide quality food to customers, we are committed to creating transparent and trusted supply chains.

We approach responsible sourcing by considering our impact – from the livelihoods of the people who produce our food and the communities where they live to the well-being of the planet and animals we rely on.

We aim to deliver responsible sourcing programs that drive lasting, meaningful outcomes on critical environmental, social and corporate issues. To enable these outcomes, we focus on the following Priority Impact Areas: promoting the health and welfare of animals; respecting human rights; addressing climate change; reducing food and packaging waste; and protecting nature, forests and water resources.

Our Performance

We focus on responsibly sourcing our priority products. Our position gives us the opportunity to help drive bigger changes across global food systems, as well as supporting our overall corporate sustainability goals. These commitments cover animal health and welfare, climate and forests, and span through to 2050.

Supporting and Advancing Regenerative Agriculture

By thinking globally, we can create global impact. We believe in the power of regenerative agriculture practices to increase biodiversity, enrich soils and boost climate resilience. At McDonald's, we look to scale the adoption of regenerative agriculture practices to improve soil health and biodiversity, optimize water availability, drive climate action through carbon sequestration and help restore and protect delicate ecosystems.

Read our approach to supporting deforestation-free supply chains on our Nature, Forests & Water web page and our approach to regenerative agriculture on our Responsible Sourcing web page.

Keeping Soils Healthy

Maintaining soil health is crucial for the productivity and long-term sustainability of agriculture, acting to reduce erosion, maximize water yield and improve nutrient density. These practices help to enhance farmer prosperity and make processes more resilient in the long run.

Best practices for ensuring soil health include keeping it covered and minimizing soil disturbance to protect from the impacts of climate, reduce erosion, and keep water and key nutrients in place. Another large part of keeping soil healthy is maintaining living roots, allowing for maximum water and nutrient absorption.

In an initiative to increase plant cover and protect soil, McDonald's France introduced a new regenerative agriculture program in 2022. It aims to transform farming practices and plant 230,000 trees within 150 km of hedges on French farms by the end of 2030. The pilot project aims to involve 60 farms of McDonald's wheat cooperatives and suppliers, and will last at least three years, with the intent to collect insights to be replicated on other farms in the future. By the end of 2022, more than 6 km of hedges were planted and 235 hectares of diversified agronomic covers were sown.

In collaboration with Cargill, The Nature Conservancy and Target, we are supporting row crop farmers in Nebraska to implement regenerative agriculture practices with the aim to help mitigate climate change and improve the resiliency of land. This five-year initiative is expected to impact 100,000 acres of land used for corn production through a joint \$8.5 million investment. By improving soil health and optimizing processes, we have the potential to sequester an estimated 75,000 metric tons of carbon.

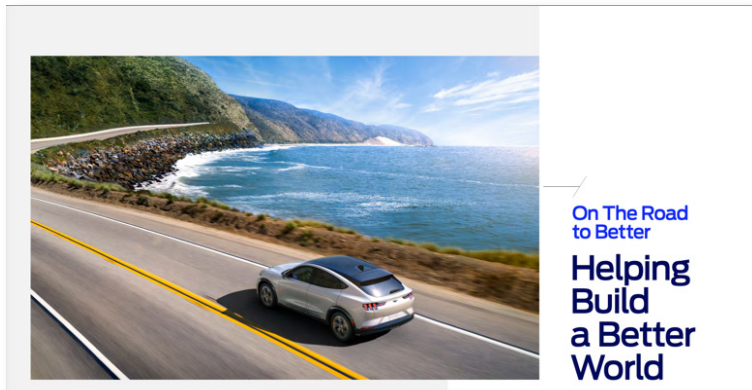
Increasing Biodiversity Through Sustainable Grazing Practices

Increasing biodiversity helps to keep our ecosystem in delicate balance and supports all life on earth – helping the planet and our population be more adaptive and resilient. It also plays a crucial role in supporting global food security.

Grazing practices such as rotational grazing and reduction of external inputs boost biodiversity, benefit the productivity and fertility of the land and help to combat the impacts of climate change.

2023 Ford Motor Company Integrated Sustainability and Financial Report

Ford earned a place on the CDP “A List” - for protecting water security again in 2022. They have received an A score rating from CDP for water reduction for eight years in a row and are one of only 107 companies globally to earn such an award for water security.



sustainability.ford.com | shareholder

Water Use and Stewardship

Our water strategy aims to continue Ford's position as a leader in making zero water withdrawals for manufacturing processes in order to support freshwater availability in local communities.

• **Make water and/or processes on this facility reusable** (water reuse or local community's recycled water)

We consider freshwater to include both surface water and groundwater. This is aligned with, and extends beyond, the Global Reporting Initiative (GRI) definition of freshwater as surface water.

Our 2021 Global Manufacturing Water Strategy targets a 10% reduction in absolute freshwater usage from a 2019 base year. In 2022, our absolute freshwater reduction was 21.7%, while lower production volumes played a role in that reduction. We made great progress in implementing water reduction projects that will contribute to sustained water savings.

Since 2002, we have achieved a 76.2% reduction in annual water use, accounting for 96.3 cumulative gallons of water. Through integrating more water efficient processes and technologies in our manufacturing systems to further decrease our water consumption, our water conservation actions are equal to providing a year's worth of water to 17 million homes.

We are committed to extraction policies and practices that ensure our operations don't restrict other users' access to water. One example is our efforts around utilizing alternative water sources, like rainwater and wastewater from other organizations, for our manufacturing processes.

Achieving zero wastewater for manufacturing

Our Irapuato Transmission Plant in Mexico achieved zero freshwater usage for manufacturing in 2022. This was accomplished through a combination of ensuring excess water was not used, and of pipe recycling, and securing a source of treated wastewater from an off-site location.

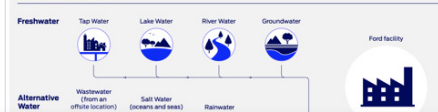
The Irapuato Transmission Plant is the second Ford facility to achieve the zero freshwater for manufacturing goal, joining the Chihuahua Engine facility in 2022. Our use of alternative water was 80% in the water scarce areas. In addition to improving water quality discharges at our sites that mimic the behavior and performance of the local ecosystem.

• **Make water reuse at industrial sites in water scarce areas**

Water Recycled

Our Louisville Assembly Plant was recognized by the EPA in 2022 for its leadership and commitment to practices that reduce, eliminate or prevent pollution at its source, specifically for a new water recycling initiative.

WATER USE AT OUR FACILITIES



Water: Make zero water withdrawals for manufacturing processes. Use freshwater only for human consumption.

21.7%

REDUCTION IN FRESHWATER USE SINCE 2019

8%

ALTERNATIVE WATER UTILIZED IN WATER SCARCE AREAS

Water Use and Stewardship – continued

The Louisville Assembly Plant began implementing a pollution prevention project in 2020 to reuse treated wastewater in the paint pre-treatment process to reduce the volume of wastewater sent from the plant to the Publicly Owned Treatment Works wastewater treatment facility. During 2022, the Plant avoided the withdrawal of more than 7 million gallons of city water use, which equates to over 32 gallons per vehicle of freshwater avoidance.

Our CDP A List Achievements

Ford earned a place on the CDP “A List” for protecting water security again in 2022. We have received an A score rating from CDP for water reduction for eight years in a row and are one of only 107 companies globally to earn such an award for water security. We were also on CDP's Climate Change “A List” for the fourth straight year. Ford is the only automotive OEM globally to earn a double A in 2022 for Climate Change and Water Security¹.

WATER STRATEGY PROGRESSION



FORD INTEGRATED SUSTAINABILITY AND FINANCIAL REPORT 2023

Citations

Studer, Nick. (January 26, 2023). [“Half of global GDP relies on nature—but it’s being wiped out. Here’s the business case for investing in biodiversity.”](#) *Fortune*.

Taskforce on Nature-related Financial Disclosures. (September 2023). [“Recommendations of the Taskforce on Nature-related Financial Disclosures.”](#)

World Wildlife Fund. [Living Planet Report 2022](#).

World Wildlife Fund. [“What is Biodiversity?”](#)



LABRADOR

Transparency by design

About Labrador

Labrador exists to offer the science of transparency to corporations wishing to communicate effectively with their readers.

Our experienced and passionate team is composed of attorneys, designers, project managers, thinkers and web developers. We collaborate together around a process that encompasses drafting, editing, designing and publishing across all digital and print channels.

We are thrilled that communications prepared by Labrador have contributed to trustful relationships between our clients and their readers, whether investors, employees or other stakeholders.

In turn, our commitment to our clients has resulted in meaningful long-term relationships with some of the most respected public and private companies in the world.

contact-us@labrador-company.com

Labrador
1737 Ellsworth Industrial Blvd NW
Suite E-1
Atlanta, GA 30318
(404) 688 3584

Copyright © 2023 by Labrador

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, email the publisher at contact-us@labrador-company.com.