CERES/WWF AGWATER CHALLENGE - OVERVIEW AND MODEL LANGUAGE

The primary objective of the AgWater Challenge, which was initially launched in 2016, is to engage companies with a significant agricultural supply chain to provide examples of leadership — and encourage stronger, more transparent commitments to better steward freshwater resources.

Companies that want to participate in the Ceres/WWF AgWater Challenge in 2020 are asked to adopt locally relevant sustainable agriculture principles that improve water-related outcomes, with an emphasis on soil health and nutrient management practices, for key agricultural commodities produced in high-risk watersheds. In addition to developing or expanding a commitment to adopt locally-relevant sustainable agriculture principles that have water-related outcomes, companies will be asked to provide detail on how they plan to assess the potential impact of their goals and how they plan to implement their respective goals through farmer support and engagement and collective watershed action, which can include policy engagement. Please see guidance below for more detail.

Model Challenge Language

1. Our company commits to work with farmers and key partners in our agricultural supply chain to spur the adoption of locally relevant sustainable agriculture principles that improve water-related outcomes, with an emphasis on soil health and nutrient management practices*, for key agricultural commodities produced in high-risk watersheds*. We commit to supporting adoption of these practices on X additional acres in XYZ regions, by 202X.

2. Goal above to be accompanied by details on how the company plans to measure the water outcomes of their 2020 commitment related to water outcomes, which high-risk regions they plan to focus in on and how the company will leverage A and/or B below to achieve this goal:
   A. Implementation support for farmers and suppliers and/or
   B. Collective watershed action

All goals should be time-bound, quantified and geographically-specific. The goals should be ambitious, but achievable, and the company should present a plan to achieve them and disclose against them. Companies will also be asked to provide supporting information, which can be disclosed confidentially if necessary, and will allow Ceres and WWF to assess if commitments being made through the AgWater Challenge are helping address key water issues associated with the production of commodities in key production areas.

*Challenge Definitions

**# of new acres across key agricultural commodities** Company should demonstrate that the number of new acres represents a significant portion of total agricultural commodities sourced. This can be discussed with Ceres/WWF confidentially if necessary.

**High risk watersheds** Areas where company sources ingredients that are flagged through recognized water risk tools (e.g., WRI Aqueduct, WWF Water Risk Filter, WBCSD Global Water Tool) as being high to extremely or very high-risk with respect to either water stress/scarcity and quality/impairment.

**Locally-relevant sustainable agriculture principles, with a focus on soil health and nutrient management practices** There are a range of farming principles and practices that have been demonstrated to improve impact on water resources; such as those that improve water use efficiency and decrease nutrient leaching, nutrient run-off and soil erosion, thus reducing irrigation demand and preserving water quantity and quality. Soil health practices that have been identified through credible research as having beneficial water outcomes include: conservation tillage; cover cropping; mulching; managed grazing; crop rotations, nutrient management and manure/compost storage; and landscape management practices such as windbreaks, hedgerows, and riparian
buffers. Many of these practices also support crop productivity, reduce erosion, increase water holding capacity, conserve biodiversity, and in some cases, sequester carbon. The suite of specific practices that are optimal in a watershed will vary according to unique challenges faced in that high-risk basin/region, the type of crop grown, variations in climate, and the economic and cultural suitability of key practices by farmers in the region. Therefore, companies must support and collaborate with farmers to establish relevant practices for the watersheds that the company has identified as high-risk.

### Implementation Support
Companies should specify how they plan to support farmers and suppliers in implementing the overarching goal and provide details about the scale of this work. Companies will be encouraged to publicly disclose at least 2 of the below implementation metrics along with their high-level commitment.

#### Technical Support
- # or % of farmers that receive educational support (and clarification on the extent of that support)
- # or % of farmers that receive agronomic support (and clarification on the extent of that support)
- # or % of farmers that receive in-kind or staff secondment support (and clarification on the extent of that support)
- # of farmers or % that are provided free access to an online platform for tracking environmental performance/practice adoption relative to peers/neighbors

#### Financial Support
- # or % of farmers that receive financial support or $ of financial support that company provides to farmers (either directly or indirectly - via a third party) each year. More specific examples below:
  - Invest $X in cost-share programs by X date.
  - Establish long term contracts with producers who adopt cover crops
  - Pay farmer X$ premium/bushel or lb of commodity
  - $ of financial or education support provided to local conservation districts and/or NGO before going to farmers
  - Facilitate and support efforts to access state/regional/fed funds (e.g., cutting red tape, letters of support for loans)

### Collective Watershed Action
Companies should actively undertake and invest in collective watershed protection projects with relevant stakeholders that improve governance, address local water supply challenges, and promote the adoption of best practices that reduce water use and increase replenishment. Collective action may also include collaborating with other AgWater Challenge companies where opportunities coincide. This action may include collectively advocating for public policy and regulations that support water outcomes. By working together, companies can leverage expertise, resources and capacities to address shared challenges. Companies should specify how this collective watershed action as a means of achieving their overarching goals and improved watershed health.