TYSON FOODS, INC.

Water Position Statement and Prioritization Scheme

Background

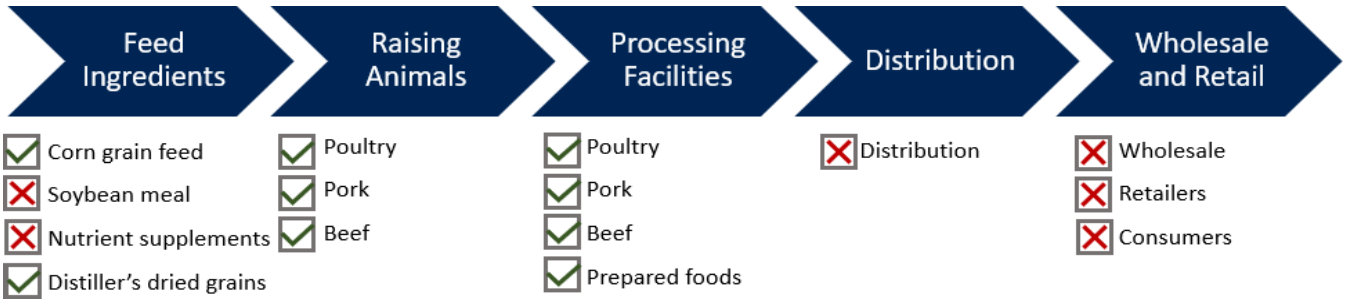
Water is a vital, limited resource that must be used carefully and managed responsibly in every part of our business -- from farm to finished product. In our facilities, water is essential to protecting the quality and safety of our products. In our supply chain, water is needed for growing crops and raising healthy animals. Recognizing the importance of water to our business and communities, and understanding the constraints on this vital resource, Tyson Foods is committed to responsible water stewardship everywhere we operate and sourcefrom.

For reference, Appendix A offers a glossary of terms used in this statement.

To date, Tyson Foods has prioritized water efficiency in processing facilities, with a target of 12-percent reduction of water use intensity by the end of 2020, against a baseline of fiscal year (FY) 2015. To expand its water stewardship efforts, Tyson Foods worked with the World Resources Institute (WRI) to assess water risk and develop a water stewardship strategy. The water risk assessment focused on three stages of production.

- Exposure to water stress across all our processing facilities.
- Exposure to water stress and risk of nutrient loss where we source animals for our processing facilities. *(Water for raising animals includes water consumed by animals themselves and water used in ordinary facility operations such as cleaning and sanitizing.)*
- Exposure to water stress and risk of nutrient loss where we source corn to feed the animals in our supply chain. The assessment included irrigated, and rainfed, corn feed but does not include other agricultural inputs such as soybeans. [1]

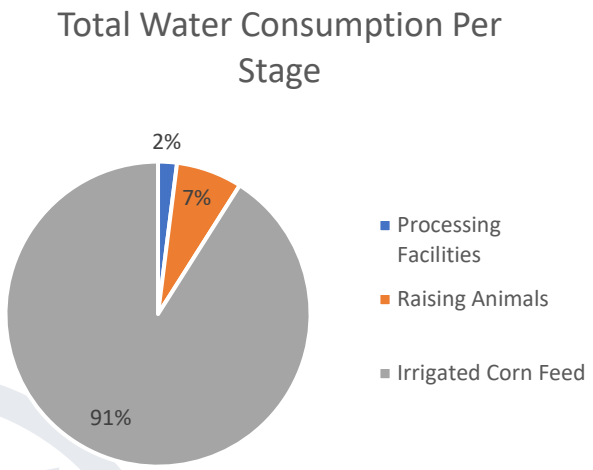
The figure below illustrates the components of Tyson Foods water risk assessment. Distribution and retail stages of the value chain are not assessed due to negligible water-related impacts. Corn grain feed and distiller's dried grains, from corn, account for the largest ingredients in animal feed and were the priorities for the supply chain assessment.



sustainability@tyson.com | 06.02.2021

The water risk assessment helped Tyson Foods identify priority location to set goals informed by the local watershed context. The majority of Tyson Foods water consumption lies in the agricultural supply chain and is associated with producing animal feed or animals that are processed in facilities – only 2% of the water required for finished products facilities. To balance these priorities, Tyson Foods will set two types of targets:

- Supply chain stewardship targets, recognizing the bulk of our water consumption is in our supply. These targets will be integrated into existing land stewardships goals and focus on managing water quality impacts from nutrient loading and water consumption in locations with high water stress.[3] These goals will focus on all row crops, not just irrigated corn.
- Contextual water targets at our facilities, recognizing that we have significant influence on local watersheds at our processing facilities. We will develop site water stewardship plans that will inform contextual water targets based upon each facility's water withdrawal, exposure to high water stress, and proximity to our entire supply chain.



Supply Chain Water Stewardship Targets

Water stewardship within our supply chain is intrinsically linked to our land stewardship goals. Accordingly, by the end of 2020, Tyson Foods seeks to:

- Optimize sustainable land stewardship practices in row crops relevant to Tyson's supply chain by:
  - Reducing the water quality impacts associated with key agricultural commodities
  - Implementing relevant local strategies to mitigate risk in agricultural areas where water is scarce, with an emphasis on irrigated agriculture in water stressed locations
  - Supporting and incentivizing farmers and other agricultural producers to strengthen water stewardship practices

Contextual Water Targets

Tyson Foods is committed to support the improvement of water management and stewardship in the catchments we operate in and source from by participating in watershed governance, support efforts to improve watershed balance, seek to reduce local water pollution, and respond to other issues in these watersheds.

To maximize the effectiveness of these efforts, we've developed prioritization criteria (Table 1), based on our presence and the conditions of the watershed. Tyson Foods has developed three tiers of prioritization, and each will require facilities to engage in water stewardship activities that respond to the shared water challenges of the watershed.

1. **High-priority facilities** will set contextual water targets to respond to issues in the surrounding watershed. These facilities will develop water stewardship plans and seek third-party certification, following the guidelines outlined in the Alliance for Water Stewardship Standard 2.0. High-priority facilities are in watersheds with high water stress, where our facilities have significant water withdrawals, and we source irrigated corn and animals.

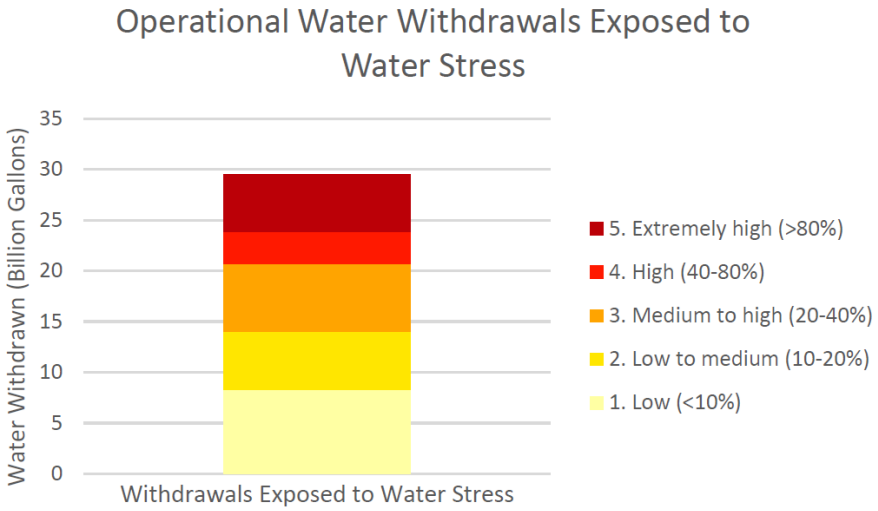
2. **Priority facilities** will set contextual water targets to respond to issues in the surrounding watershed. These facilities will develop water stewardship plans in accordance with third-party guidance, following the guidelines outlined in the Alliance for Water Stewardship Standard 2.0. Priority facilities are in watersheds with high water stress.

3. **Monitoring facilities** will monitor water risk on a regular basis, and when a shared water challenges is identified, will be upgraded to Priority Facilities or High-Priority Facilities. Monitoring facilities are in watersheds that are not water stressed or are in watersheds where the Tyson facilities have negligible water withdrawals relative to all other Tyson facilities.

The above tiers aim to create a consistent set of processes for all facilities, while also ensuring water stewardship activities respond to the shared water challenges in the local watershed context. In High-Priority and Priority facilities, targets will be set in accordance to the local context, following the guidance on contextual water targets (2019). This process will be followed to ensure facility targets respond to local water challenges and align facility actions with the magnitude of our watershed risk priorities.

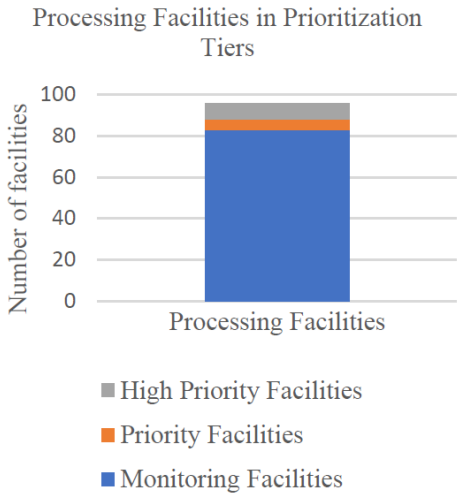
Table 1. Tyson Foods Facility Prioritization Criteria

Prioritization Criteria	High Priority Facilities	Priority Facilities	Monitoring Facilities
Do we have a processing facility in this watershed with significant water withdrawal?	✓	✓	✓
Does this watershed have high or extremely high baseline water stress?	✓	✓	X
Do we source animals from this watershed?	✓	X	X
Is irrigated corn feed for source animals grown in this watershed?	✓	X	X
Do our source animals or corn feed contribute significant nitrogen loading to the watershed?	✓	X	X



The data used to determine facility prioritization was designed for screening site water risks, so additionally any Priority or Monitoring Facility may be bumped to High Priority based upon local knowledge of staff. Eleven processing facilities fall in the High-Priority and Priority tiers, and these facilities account for 95% of direct water withdrawals exposed to high or extremely high levels of baseline water stress. Focusing on water stewardship efforts in these locations allows for Tyson Foods to prioritize the watersheds with the greatest water-related needs.

Also, in recognizing the importance of managing water effectively, beyond our facilities, Tyson Foods targets are more ambitious in watersheds with more sections of our supply chain. Due to programs such as Local Grain Services and the logistics of feed or animal transport, all stages of our supply chain frequently take place within a single watershed. When these watersheds with overlapping portions of our supply chain have high water stress, there is an opportunity for most effective impact through water stewardship activities.



Glossary

Contextual Water Targets: Also referred to as context-based water targets. A specific time-bound objective that sets the desired outcome to include both a component that speaks to the company's water performance and a component that speaks to the basin's conditions. Context-based water targets better inform audiences on the extent to which performance respects the agreed upon thresholds of the basin or supports public policy. – CEO Water Mandate

Nutrient Pollution: Excess levels of nitrogen and phosphorous in water bodies that can result in serious environmental and human health issues and impact the economy. -- US EPA

Raising Animals: The stages of animal growth prior to harvesting in the processing facilities. In the example of a pig this would include weaning, nursery, and finishing farm stages. See Tyson Foods facts for further information on the stages of animal growth. --Tyson Foods

Supply Chain: The supply chain includes all the raw material inputs required to create Tyson Foods finished products. For the purposes of water stewardship, the most important piece of our supply chain are the agricultural products grown to feed animals. This analysis focuses on irrigated corn feed but does not include other agricultural products in the supply chain. -- Tyson Foods

Water Consumption: The volume of freshwater used and then evaporated or incorporated into a product. It also includes water abstracted from surface or groundwater in a catchment and returned to another catchment or the sea. It is important to distinguish the term 'water consumption' from the term 'water withdrawal' or 'water abstraction'. -- Water Footprint Network

Water Stewardship: the use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that involves site and catchment-based actions. Good water stewards understand their own water use, catchment context and shared risk in terms of water governance, water balance, water quality and important water-related areas; and then engage in meaningful individual and collective actions that benefit people and nature. -- Alliance for Water Stewardship

Water Stress: Also referred to as Baseline water stress. Water stress measures the ratio of total annual water withdrawals to total available annual renewable supply, accounting for upstream consumptive use. Higher values indicate more competition among users. -- Aqueduct Water Risk Atlas

Water Use Intensity: The amount of water required to produce a pound of finished product in a Tyson Foods processing facility. -- Tyson Foods

Watershed: Also referred to as a basin or a catchment. An area of land that drains all the streams and rainfall to a common outlet such as the outflow of a reservoir, mouth of a bay, or any point along a stream channel. -- USGS

[1] Though the risk assessment did not assess soybean crop exposure to *water stress,* areas growing corn frequently overlap with areas growing soybeans. This overlap means many, though not all, areas growing soybeans will be indirectly included in this analysis.

[2] These figures do not account for the entire amount of water consumed to produce our finished products. For example, soybeans and rainfed corn are not included in this analysis.

[3] High water stress means the *watershed* is "High" or "Extremely High" according to WRI's Aqueduct Water Risk Atlas baseline water stress data.