



**WHEREAS:** According to the 2021 IPCC report, climate change is intensifying the water cycle, resulting in more intense droughts globally. Climate change related water scarcity poses material risks to our company, including disruption of operations or lowered production capacity; disruption of supply chains; and political and legal risks related to competition for water resources.

Tesla’s manufacturing operations require large amounts of water. Tesla operates in California and Nevada, where water rights are contentious; in Austin, Texas, where droughts are becoming more frequent, and in water-impacted areas of Shanghai and Germany. All these regions have medium to high risk of water stress.<sup>1</sup>

Tesla’s factory location choices have caused public upset and reputational damage. Tesla recently opened a factory in Berlin-Brandenburg, an increasingly water depleted region.<sup>2</sup> The facility, which will use as much water as a 30,000 person town, is sited on a drinking water protection zone and has raised intense public concern.<sup>3,4</sup> Hours after authorities gave approval for Tesla to begin production, a judge ruled that the assessment of Tesla’s planned water use had not been thorough.<sup>5</sup> Tesla’s Austin facility is the second largest factory globally; communities are raising concerns over the pressure Tesla will put on Austin’s long-term water supply.<sup>6</sup>

Increased transparency may reveal shortcomings in Tesla’s water planning, risk assessment, and siting policies. For instance, Tesla’s ability to successfully continue and expand operations at its Gigafactory in Berlin-Brandenburg may be water limited. The region’s water utility company identified water risk that could jeopardize the factory’s expansion<sup>7,8</sup>.

Peer companies GM, Ford, and Fiat Chrysler have developed water stewardship standards and report on water resource management including responding to CDP

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<sup>1</sup> <http://www.wri.org/our-work/project/aqueduct/>

<sup>2</sup> <https://www.bloomberg.com/news/articles/2022-02-22/elon-musk-dismissed-tesla-tsla-german-factory-water-issue-now-it-s-a-problem?sref=TtrRgti9>

<sup>3</sup> <https://www.reuters.com/technology/tesla-faces-day-reckoning-water-supply-planned-german-plant-2022-02-23/>

<sup>4</sup> <https://www.forbes.com/sites/mariannelehnis/2021/06/03/elon-musks-berlin-gigafactory-water-conflict-is-ongoing-could-better-water-management-put-activists-at-ease/?sh=7e4291d6476a>

<sup>5</sup> <https://www.nytimes.com/2022/03/04/world/europe/tesla-germany-assembly-plant.html>

<sup>6</sup> <https://www.forbes.com/sites/alanohnsman/2022/04/06/teslas-water-worries-dont-end-in-berlin-giga-texas-in-booming-austin-may-also-see-drier-times/?sh=4afe99c93d7a>

<sup>7</sup> <https://www.bloomberg.com/news/articles/2022-03-18/tesla-s-german-factory-will-exhaust-the-area-s-water-supply?sref=TtrRgti9>

<sup>8</sup> [https://www.w-s-e.de/aktuelles/news-detail?tx\\_news\\_pi1%5Bnews%5D=93&cHash=e27cc1ef3e981850fae562b1bdd1e07a](https://www.w-s-e.de/aktuelles/news-detail?tx_news_pi1%5Bnews%5D=93&cHash=e27cc1ef3e981850fae562b1bdd1e07a)



water. Tesla does not respond to CDP water requests, receiving an ‘F’ score annually since 2016.<sup>9</sup>

Tesla does report water reduction activities at certain facilities and shows that new factories will have a lower overall water withdrawal intensity than most peers. However, Tesla fails to provide facility-specific water reduction targets or use data; identify water risk at each location; assess and disclose supply chain related water risk; describe measures to reduce or avoid siting of facilities in high water risk areas; or describe its broader water risk management strategy.

**BE IT RESOLVED:** Shareholders request the Board assess and report its ongoing water risk exposure, and all policies and practices to reduce this risk, from siting of facilities to preparing for water supply reductions associated with climate change, using quantitative indicators where appropriate.

**SUPPORTING STATEMENT:** At management discretion, Proponents request reporting of:

- Facility-specific water use and targets
- Facility water risk assessment and policies, pre- and post-siting
- General water scarcity identification and planning procedures
- Supply chain water risk assessments
- Any water related engagement with supply chain partners
- Integration of water management into governance mechanisms

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<sup>9</sup>[https://www.cdp.net/en/responses?filters%5Bprogrammes%5D%5B%5D=Water&per\\_page=20&queries%5Bname%5D=tesla&sort\\_by=project\\_year&sort\\_dir=desc](https://www.cdp.net/en/responses?filters%5Bprogrammes%5D%5B%5D=Water&per_page=20&queries%5Bname%5D=tesla&sort_by=project_year&sort_dir=desc)