



Water Inventory Methodology

GE's water-use inventory process follows the principles articulated by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) in its Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised addition. For the operational inventory, GE follows the "control" approach and includes freshwater use from "criteria sites" over which the company has operational control.

Inventory Scope

GE collects water-usage data from the top water-consuming sites, called "criteria sites". Criteria sites are those that have used 15 million gallons or more of water per year between the baseline and current year. This approach captures approximately 90% of GE's total freshwater consumption.

Water usage captured includes potable, process, and sanitary water, as well as on-ethrough cooling water from freshwater sources. Sites that withdraw salt/brackish water for once-through cooling purposes are not included in the water-reduction goal. Instead, GE focuses on freshwater sources, based on the rationale that those sources pose a greater environmental impact than salt/brackish water use.

The inventory scope is adjusted annually as a result of divestiture, closure or consolidation with other facilities, acquisitions, newly established facilities or when facilities meet the reporting criteria for the first time.

Management

To collect the necessary water-use-inventory data, GE maintains a greenhouse gas (GHG) and water inventory database. The database is integrated with GE's greenhouse gas and energy inventory processes. GE facilities use the database to enter quantities of water withdrawn from each of the following source categories:

- Public/commercial
- On-site groundwater well
- Fresh surface water
- Brackish surface water or seawater
- Rainwater


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Since 2011, GE has reduced freshwater use by about 1.40 billion gallons of freshwater per year.

GE collects water-usage data from our top water-consuming sites on an annual basis.

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Water Inventory Methodology (cont'd)

Water withdrawn for the purpose of once-through cooling is entered into a separate category in the database so that these cooling water sources may be tracked. The system also splits water use data from the database into source category, business unit, site, country, and region.

Baseline Adjustment

Current progress toward the 2020 water goal was baselined in 2011, with the baseline data adjusted to reflect changes to GE's portfolio as outlined in the Greenhouse Gas Protocol. GE also reports progress since the start of the water program, with a baseline year of 2006. Because it is not practical to

adjust baselines over long periods where sufficient data may not be available, a hybrid approach is used. The 2006 baseline was adjusted for the 2011 reporting year data. Current progress from a 2006 baseline is calculated by taking the performance from 2006 to 2011 as a fixed value (35% absolute reduction) and further reducing that result by the additional reduction between 2011 and the current reporting year.

Quality Assurance

To further increase the accuracy of the water-use inventory, GE has simplified the database to reduce the opportunity for error. In addition, GE provides guidance documents, an

internal guidance website, and extensive training related to the water inventory and the use of the tool. Finally, GE performs data-quality reviews on the water-use inventory, including side-by-side comparisons of water-use data to identify and understand the reasons for significant differences (such as changes in production, changes in processes, water-use-reduction projects, or other factors). Data anomalies are identified, analyzed and corrected where necessary through this process. If significant deviation in water use emerges in a given year, a third-party environmental engineering consulting firm may be engaged to validate restated water use values.

