



Investor expectations

Sustainable Development
Goal 6: Water, sanitation
and hygiene



Advancing SDG6: The investor's role

Water, sanitation and hygiene (WASH) are essential for human health and well-being, enabling entire communities to unlock their potential, break free from poverty, and change their lives for good. Yet over 785 million people – 11% of the global population – do not have access to clean drinking water, around 289,000 children under five die every year from diarrhoeal diseases caused by poor water and sanitation, and three billion people have had nowhere to wash their hands with soap and water throughout the COVID-19 pandemic.

In 2010, the United Nations recognised the human right to safe and clean drinking water and sanitation as essential to the realisation of all human rights. Sustainable Development Goal (SDG) 6 further commits governments to achieving universal and equitable access to safe and affordable drinking water for all, and access to adequate and equitable sanitation and hygiene for all, by 2030.

These are ambitious goals. But they are achievable if the public, private and non-profit sectors work together to raise the investment needed, to ensure that investment is deployed effectively and sustainably, and to work with local communities and other stakeholders to build understanding of the critical role of WASH in society.

So how can investors – asset owners (pension funds), asset managers and insurance companies – play a role in advancing this life-changing work? By investing in WASH and making a real difference to poor and vulnerable communities. By calling on the companies they invest in to prioritise and respond to WASH-related issues in their supply chains and the communities surrounding their operations. And by encouraging policy action to make lasting change happen on a massive scale.

In this report, we set out our expectations of investors in these three areas – investment, company influence and policy influence. We encourage all investors to recognise WASH as central elements of their work on the SDGs and on environmental, social and governance (ESG) issues more generally. In this decade of change, we invite them to work with us to make access to clean water, decent toilets and good hygiene a reality for everyone, everywhere by 2030.



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Context

Today, over 785 million people – 11% of the global population – do not have access to safe drinking water¹. Two billion people lack access to basic sanitation services and 3 billion lack basic handwashing facilities at home². Around 289,000 children under five die every year from diarrhoeal diseases caused by poor water and sanitation.

This lack of access to safe water and sanitation remains one of the great challenges facing society worldwide. Public health depends on clean water, decent toilets and good hygiene. For example, among infectious diseases, diarrhoea ranks as the third leading cause of mortality and morbidity, after respiratory infections and HIV/AIDS. The importance of access to safe water, sanitation and hygiene has been reinforced by the COVID-19 pandemic, with maintaining physical distancing and handwashing with soap providing first line defences against the spread of COVID-19.

There is increasing evidence around the business benefits and opportunities for company action. Most immediately, in the face of COVID-19, prioritising access to water, sanitation and hygiene will help global companies to establish safe return to work conditions, both in their own operations and in their supply chains³, and reduce the risks of disruption to business. More generally, the benefits include reduced absenteeism, increased productivity, and staff and supplier loyalty. There are also compelling macroeconomic reasons for taking action. It is estimated that every dollar invested in sanitation returns US\$5.5 in benefits and every dollar invested in drinking water supply returns US\$2.7 in benefits⁴. These economy-wide returns come mainly from health and time savings, meaning that businesses should directly benefit from the investments they make in water, sanitation and hygiene.



Water, sanitation and hygiene (WASH) and the sustainable development goals

Access to clean water and to adequate sanitation and hygiene are essential to the health, dignity and prosperity of people, and underpin Sustainable Development Goal (SDG) 6 and, in particular, SDG Targets 6.1 and 6.2. Access to clean water and to adequate sanitation and hygiene are also central to the realisation and delivery of other SDGs.

SDG 6: Ensure availability and sustainable management of water and sanitation for all⁵

- 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.
- 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all, and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

WASH and the SDGs⁶

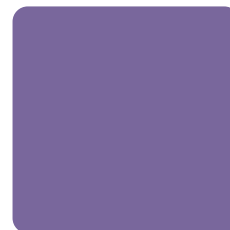
SDG 6 – as one of the four environmental and biosphere-related SDGs (alongside climate action (SDG 13), life below water (SDG 14) and life on land (SDG 15) – is critical to enabling progress on the other SDGs.



For example, the targets and indicators under SDG 3 (to ensure healthy lives and promote well-being for all at all ages) include:

- SDG Target 3.9: By 2030, to substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.
- SDG Indicator 3.9.2: The mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services).
- SDG Target 3.2: By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.
- SDG Target 3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.

Delivering water, sanitation and hygiene for all: Challenges and needs



Financing Needs

A 2016 report from the World Bank estimated that achieving SDGs 6.1 and 6.2 would require approximately US\$114 billion a year in new capital investment through to 2030⁷, some three times current investment levels. A similar level of investment is needed to ensure the integrity and operation of existing assets, and to ensure effective service delivery.

Demand for Water

Rapid urbanisation, population growth and economic development present increasing and competing demands for water. Growing populations are putting ever greater pressure on existing water and sanitation services, and in turn on the ability of governments to provide adequate access to water, sanitation and hygiene services.

COVID-19

The global COVID-19 (coronavirus) pandemic has highlighted the interconnectivity of workforce health and commercial prosperity. Hygiene has become a priority for companies, with maintaining physical distancing and handwashing with soap being first line defences against the spread of COVID-19.

However, for millions of supply chain workers living in densely populated cities with poor water and sanitation infrastructure, engaging in preventative hygiene behaviour is challenging. Unavoidable physical proximity coupled with a lack of soap and water for workers to wash their hands - and a lack of knowledge about when they should be doing so - mean that the threat posed to business by COVID-19 and by other infectious diseases is far from over.

Prioritising access to water, sanitation and hygiene in the supply chain, including in the workplace and in the communities where workers live, will enable global companies to establish safe return to work conditions, meet business demands and respond to compliance requirements. Looking forward, these measures will also contribute substantially to business continuity by building long term resilience against future shocks.

Climate Change

Climate change exacerbates existing vulnerabilities, with the poorest and the most marginalised often particularly exposed to extreme levels of climate variability. For example, Sub-Saharan Africa has the most variable climate on the planet, and its populations already struggle with drought and uncertain rainfall. An effective response to climate change necessitates more robust, inclusive approaches to water, sanitation and hygiene policy, planning, design and implementation. Access to climate-resilient water, sanitation and hygiene can make the difference between coping and not coping with climate change. This access provides a critical first line of defence against the difficulties that climate change brings, helps to reduce the overall disease burden, increases the amount of clean water people have in times of scarcity, provides a buffer so that water is available when it is needed, and reduces the risk of contamination in times of flooding.

Our expectations of institutional investors

Institutional investors – pension funds, asset managers, insurance companies – have a central role to play. They can support capital-raising efforts directed at providing water and sanitation to poor and vulnerable communities. They can encourage companies to pay attention to water, sanitation and hygiene-related issues in their operations and in their supply chains. They can encourage policy action on these issues.

Many investors have already made commitments to responsible investment (e.g. through becoming signatories to the UN-backed Principles for Responsible Investment⁸, through committing to supporting the SDGs, through engaging with companies on environmental, social and governance (ESG) issues more generally). Many of these efforts have focused on water and related issues, albeit primarily water efficiency and water use. Investors should ensure that all of their water-related initiatives explicitly consider access to water, sanitation and hygiene.

1. General Expectations

Investors should ensure that they explicitly recognise SDG 6 as an integral part of their wider efforts to support and implement the SDGs.

Investors should report on the contribution they have made to SDG 6, in particular SDG Targets 6.1 and 6.2. Within this, they should explain how they have allocated capital to SDG 6, and how they have engaged with companies and with policymakers on water, sanitation and hygiene-related issues.

Asset owners (pension funds) should request their asset managers to report on how they have addressed SDG 6 in their investment practices and processes.

2. Capital Allocation Expectations

When supporting debt issuance or other capital raising by water utilities, investors should encourage these issuers to ensure continuous supply of safe water and sanitation to poor and vulnerable communities, to ensure that access to this water and sanitation is affordable, and to support practical hygiene measures such as handwashing.

Key Companies and Sectors

The companies and sectors that WaterAid sees water, sanitation and hygiene as most relevant to are:

- Those who rely on water as a raw commodity to manufacture their product. These include companies in the fast-moving consumer goods (FMCG), beverages and agricultural sectors.
- Those who rely on good water and sanitation in order for their products to be used safely. Examples include companies who produce personal products and cleaning products, and companies who rely on running water or sanitation facilities to use their products.
- Those who rely on large numbers of people in their supply chains to produce their goods or services and therefore rely on healthy workers to ensure the resilience of these supply chains. Examples include companies in the apparel, textile and agricultural sectors.

3. Company Engagement Expectations

Investors should ask water utilities to ensure continuous supply of safe water and sanitation to poor and vulnerable communities, to ensure that access to this water and sanitation is affordable and maintained over time, and to support practical hygiene measures such as handwashing.

Investors should ask all companies, in particular those for whom water, sanitation and hygiene are seen as most relevant, to make SDG 6 a strategic priority for the company. Investors should ask these companies to:

1. Explicitly identify SDG 6 and water, sanitation and hygiene as a corporate priorities.
2. Publish a corporate policy setting out the company's commitment to action on water, sanitation and hygiene. The scope of the policy should include suppliers, the communities that surround their workplaces and the communities where their workers live.
3. Conduct a structured assessment of the water, sanitation and hygiene-related risks and opportunities across their business. The scope should include the workplace (i.e. company owned and operated facilities), the company's supply chain and local communities.
4. Develop a water stewardship plan, setting out the company's planned actions, objectives and targets, and the resources allocated to water, sanitation and hygiene across the business. As part of this process, companies should;
 - a. Make commitments to manage water, sanitation and hygiene issues at the corporate and local level. These local stewardship plans should be gender inclusive, and guided by a people-centric approach, helping to ensure that the actions taken are targeted at where they are really needed.
 - b. Hold suppliers to account for the implementation of water, sanitation and hygiene practices in their operations and in their local communities. This may be through introducing water, sanitation and hygiene-related conditions into supplier contracts, through auditing and reviewing suppliers' operations and through building capacity and providing other support to suppliers.
5. Proactively communicate the company's commitment to SDG 6 and to water, sanitation and hygiene internally and externally. For example, companies could:
 - a. Integrate water, sanitation and hygiene into internal communication and employee engagement initiatives.
 - b. Proactively communicate their efforts to their customers, e.g. through cause-related marketing.
 - c. Champion water, sanitation and hygiene-related issues in relevant sector platforms and in industry initiatives and bodies. For example, the beverage sector played a key role in ensuring that water, sanitation and hygiene issues were integrated into the certification requirements for the Alliance for Water Stewardship standard.
 - d. Sign the WASH Pledge and joining the WASH4Work initiative.
6. Companies should report on how they have implemented their commitments to SDG 6. Specifically, they should:
 - a. Report on how they are managing water, sanitation and hygiene-related risks and opportunities, and how they are performing against their corporate commitments, objectives and targets.
 - b. Respond to the CDP water questionnaire (which includes elements relating to water, sanitation and hygiene).
 - c. Share their experiences, lessons learned and best practices.



WaterAid/DR/K/Habibul Haque

4. Public Policy Expectations

Investors should ask governments to:

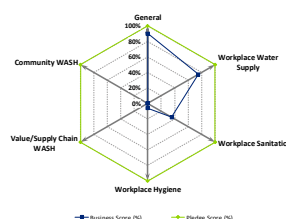
- a. Explain how they expect to deliver on their commitments to SDG 6. This could include requests for government to provide information on:
 - The major actions to be taken to deliver on SDG Targets 6.1 and 6.2.
 - The contribution – in terms of the number of people who have access to water, sanitation and hygiene - that will result from each of these actions.
 - The cost of these actions/ interventions, and how they are to be funded.
 - The timing for the delivery and implementation of these actions.
 - How the longer-term sustainability of these actions is to be ensured.
- b. Ensure that water, sanitation and hygiene is considered as an essential climate change adaptation measure in national climate change adaptation strategies, plans, or other climate policy related documents and regulations. This could include asking governments to:
 - Ensure that national climate change adaptation action is centred around addressing inequalities, building resilience of the most vulnerable communities, including through ensuring access to WASH, and strengthening the sustainability of water, sanitation and hygiene services in order to reduce exposure to climate risk.
 - Ensure basic water security is part of a shared water security / climate resilience agenda.
- c. Make it mandatory for all companies to provide access to safe water, sanitation and hygiene in the workplace.

Risk Assessment Tools for Companies

The WASH Pledge self-assessment tool is an Excel-based tool that can be used by companies to evaluate their implementation of access to safe WASH at the workplace in comparison to leading practices. It can help identify areas for improvement, and support decision-making regarding investment and priority action. The self-assessment tool provides an overall rating for the assessed facility or workplace location as well as for each of Workplace Water Supply, Workplace Sanitation, Workplace Hygiene, Value/Supply Chain WASH and Community WASH⁹.

Self-assessment tool for evaluating access to water, sanitation and hygiene (WASH)

Category	Current State (0-2)	Pledge Compliance	Stage of Implementation		Gap Analysis	Current State (0-2)	Pledge Compliance
			Business Score (%)	Pledge Score (%)			
GE1 General	1.8	2.0	90%	100%	0 1 2	1.8	2.0
WW2 Workplace Water Supply	1.5	2.0	75%	100%	0 1 2	1.5	2.0
WS3 Workplace Sanitation	0.7	2.0	36%	100%	0 1 2	0.7	2.0
WH4 Workplace Hygiene	0.1	2.0	6%	100%	0 1 2	0.1	2.0
VSC5 Value/Supply Chain WASH	0.0	2.0	0%	100%	0 1 2	0.0	2.0
CW6 Community WASH	0.0	2.0	0%	100%	0 1 2	0.0	2.0
Total	0.8	2.0	30%	100%	0 1 2	0.8	2.0
Pledge Compliance achieved within the facility?		NO					
Number of dimensions and criteria 'no'		5					



Employee Survey from the Water Resilience Coalition Risk Assessment Tool

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5
Employee Information					
Gender					
How old are you?					
Do you have any long term illness, health problem or disability which limits your daily activities in the work you can do outside of the respondent					
Handwashing at work					
Right now, is there a place in at work where you could go to wash your hands?					
Is there water available at this location right now?					
Is there soap available at this location right now?					
Is handwashing facility convenient / sufficient for majority of the workers in work hands?					
How often do you wash your hands with soap? (Please check all that apply)					
How many of these times did you wash your hands with soap?					
Drinking water at work					
Do you have access to safe drinking water at your work place?					
Is there enough water for you to drink when you are thirsty at work?					
Is drinking water adequately stored in workplace? (adequate storage meaning "in clean container with lid")					
Other					
Have you seen your colleagues washing hands with soap in any month?					
Have you seen your colleagues drinking water from any source?					



WaterAid/James Kiyimba



WaterAid/Basile Ouedraogo

Definitions, key terms and initiatives

WASH stands for 'water, sanitation and hygiene'. Universal, affordable, and sustainable access to WASH is the focus of Sustainable Development Goal (SDG) Targets 6.1 and 6.2.

The WASH Pledge, originally developed in 2013, allowed companies to commit to and implement access to safe water, sanitation and hygiene at an appropriate level for their employees at all company premises within their control. The Pledge was updated in 2020 to include a company's value chain, suppliers and communities around the workplaces or where their workers live¹⁰.

The **WASH4Work initiative**¹¹ is a coalition of organisations that work together to mobilise business to improve access to water, sanitation and hygiene in their workplaces, in the communities where workers live and across their supply chains¹².

Hygiene can be defined as 'personal and household practices such as handwashing, bathing, and management of stored water in the home, all aimed at preserving cleanliness and health'¹³. Hygiene promotion has proven to be particularly effective in reducing mortality and morbidity from child diarrhoea. Examples include:

- Safe disposal of human excreta (including that of children and infants).
- Water source protection and use (from the water source to transportation, storage and 'point of use').
- Personal hygiene (washing of hands with soap at critical times, as well as body, face and clothes).
- Food hygiene (cooking, washing, storing, preventing cross contamination).
- Domestic and environmental hygiene (disposal of solid waste and animal excreta, control of wastewater and rainwater, cleanliness of the home and its surroundings).

Sanitation refers to the safe management of human excreta from the point of defecation to its disposal, treatment or re-use¹⁴. In urban environments, sanitation also includes the management of solid waste, grey water and surface drainage. More generally, sanitation includes not only physical systems, but also the policies, legal and management frameworks and investments necessary to achieve sanitation for all.



Endnotes

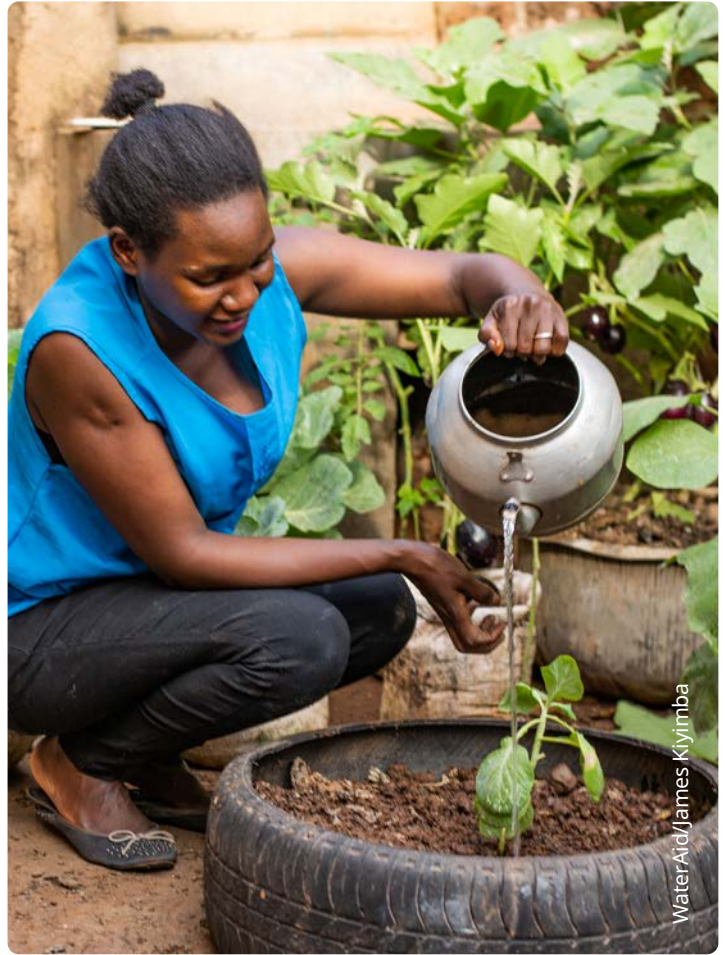
- ¹ WHO/UNICEF Joint Monitoring Program. (2019), *Progress on Household, Drinking Water, Sanitation and Hygiene, 2000-2017* (WHO, Geneva), <https://www.unicef.org/reports/progress-on-drinking-water-sanitation-and-hygiene-2019> See also the WaterAid website, <https://www.wateraid.org/uk/the-crisis/facts-and-statistics>
- ² See Note 1.
- ³ The International Labour Organization (ILO) estimates that more than 450 million people work in supply chain-related jobs. See ILO (2015), *World Employment Social Outlook: The Changing Nature of Jobs* (ILO, Geneva), https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_370189/lang--en/index.htm
- ⁴ World Health Organization (2012), *Global Costs and Benefits of Drinking Water Supply and Sanitation Interventions to Reach the MDG Target and Universal Coverage* (WHO, Geneva), www.who.int/water_sanitation_health/publications/2012/globalcosts.pdf
- ⁵ <https://www.un.org/sustainabledevelopment/water-and-sanitation/>
- ⁶ Figure source: <https://www.stockholmresilience.org/images/18.36c25848153d54bdba33ec9b/1465905797608/sdgs-food-azote.jpg>
- ⁷ Hutton, G. and Varughese, M. (2016), *The Costs of Meeting the 2030 Sustainable Development Goal Targets on Drinking Water, Sanitation, and Hygiene*. January 2016 (World Bank, Washington DC), <https://www.worldbank.org/en/topic/water/publication/the-costs-of-meeting-the-2030-sustainable-development-goal-targets-on-drinking-water-sanitation-and-hygiene>
- ⁸ <https://www.unpri.org/>
- ⁹ See <https://www.wbcds.org/Programs/Food-and-Nature/Water/Resources/WASH-Pledge-Self-assessment-tool-for-business>. The tool builds on and is aligned with the Wash Pledge Guiding Principles (WBCSD (2020), WASH Pledge: Guiding Principles. A business commitment to WASH (WBCSD, Geneva), <https://www.wbcds.org/Programs/Food-and-Nature/Water/Resources/WASH-Pledge-Guiding-Principles-for-implementation>).
- ¹⁰ <https://wash4work.org/wash-pledge/>
- ¹¹ <https://wash4work.org/>
- ¹² <https://wash4work.org/>
- ¹³ WaterAid (2012), *Hygiene Framework* (WaterAid, London), <https://washmatters.wateraid.org/sites/g/files/jkxoof256/files/hygiene%20framework.pdf>
- ¹⁴ WaterAid (2011), *Sanitation Framework* (WaterAid, London) <https://washmatters.wateraid.org/publications/sanitation-framework>

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WaterAid is an international not-for-profit, determined to make clean water, decent toilets and good hygiene normal for everyone, everywhere within a generation.

WaterAid is a registered charity

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