



Commitment from a group of large Swedish investors

We are all dependent on access to clean fresh water and healthy oceans, today and in the future. On the UN sustainable development agenda (the SDGs) the way forward for water is expressed on Goal 6 – Clean water and sanitation, and Goal 14 – Life below water. These goals are interlinked in several ways. Runoff water from industrial activity ultimately reaches the oceans and their ecosystems. Research shows that about 80 percent of the pollution in the oceans is generated from land based activities.¹ And the two goals are both addressing the measures needed to achieve healthy water in the future.

On a global level, fresh water stress is becoming more and more alarming, with negative impact on both vulnerable developing countries and regions earlier considered having lower water risks. Water crisis represents one of the top global risks for the next ten years, identified by World Economic Forum, WEF.²

Water stress increases, with for example pollution, water scarcity, climate change, diseases and conflicts. Some of these factors also contribute to unhealthy oceans and bleached coral reefs. There is an urgent need to address the water issues also from the investment perspective, looking at the alternatives for companies we are invested in. Companies in our portfolios need to address the fresh water challenges, as well as other SDGs. Problems with water availability, quality or disputes connected to water will risk having material operational impact on them. When we investors address this risk, we can catalyze for positive change.

In our commitment, formed by individual investors but within the framework of Swedish Investors for Sustainable Development (initiated by Sida), we focus the activities around Goal 6. Following the principle of “source to sea” this, to some extent, also connects to Goal 14. We will study and address the fresh water risks in our portfolios and stimulate towards best practices.

We have taken a joint initiative in order to understand the barriers for investments in water infrastructure in Sweden, by commissioning a report that maps the issuers' knowledge and prerequisites to contribute to the solution. The objective of this report is: to raise political awareness around the issue, to demonstrate the need for increased technical project management capacity at a local level, and to demonstrate that there exists both capital and a clear will to invest in the solutions.

We are all committed to, in different ways, making best water practices part of the agenda for our dialogue and corporate governance.

In addition, AP7 has identified a list of companies that they and some of us will be addressing in a broad engagement process where the target is to find ways of best practices and improved water management. A study of water management in 299 companies in sectors food & beverage, mining and garment shows: A general lack of transparency in relation to water and policies, insufficient water practices across all sectors, 70 percent of companies lacking targets for pollution and water quality. Indicators that will be used to measure progress are: level of means of responsibility for water issues at board level, water policy applied, targets for water consumption and pollution levels, local community impacts etc.

Our expectations and aspirations are to see progress for more effective water management. As investors we can catalyze for positive change and stimulate companies to improved performance and a more sustainable and resilient water use. It is our duty to address those urging issues. We and the industries owe it to our children and future generations. We owe it to the planet.

AP7

SPP

Church of Sweden Asset Management

Alecta

Folksam

Handelsbanken Asset Management

East Capital

¹ http://wwf.panda.org/about_our_earth/blue_planet/problems/pollution/

² <https://www.weforum.org/reports/the-global-risks-report-2017>