

Aligning with SDG 6:

An Investor Guide on Basin Water Security Engagement

17 August 2020



Welcome to Aligning with SDG 6:

An Investor Guide on Basin Water Security Engagement

- **Default audio setting:** mute on joining
- **Questions** via the **Question box** are welcome at any time
 - Technical support: we will aim to resolve ASAP
 - Topic-related questions for the discussion: Q&A at the end. If we cannot answer your question in the Q&A we will get in touch via email
- Many of us are broadcasting from **our homes**. Please bear with us in case of technical issues

Host



Mathilde Treis
Sustainability Consultant
South Pole

Speakers



Susanne Blank
Head of Economics & Innovation Division
Federal Office for the Environment



Isabella Pagotto
Senior Advisor
Global Programme Water
SDC



Denis Jorsch
Senior Sustainability Consultant
South Pole



Robin Miller
Manager Investor Engagement
Ceres



Kees Ouboter
Responsible Investment Officer
Actiam

Agenda

Setting the scene

Susanne Blank & Isabella Pagotto

The importance of investor engagement

Robin Miller

Designing an impactful water engagement strategy

Denis Jorisch

Putting engagement into practice

Kees Ouboter

Q&A

About South Pole



140,000
GWh of renewable
energy generated

That's
equivalent to
21 Million
cars taken off
the roads

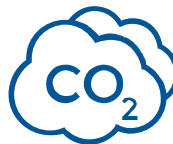


+2 Trillion
in investments
screened for
climate risk
(EUR)



+700
Carbon emission
reduction projects
developed

Over
100,000
jobs
created



+170 Million
metric tons of **carbon**
dioxide reduced

€15 Billion
Invested to
advance
renewable
energy

2 Million
hectares of
forests
protected

Pictured: South Pole's Kariba
Forest Protection Project in
Zimbabwe

Setting the scene





Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of the Environment, Transport,
Energy and Communications DETEC

Federal Office for the Environment FOEN
Economics and Innovation Division

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Introduction

17th August 2020

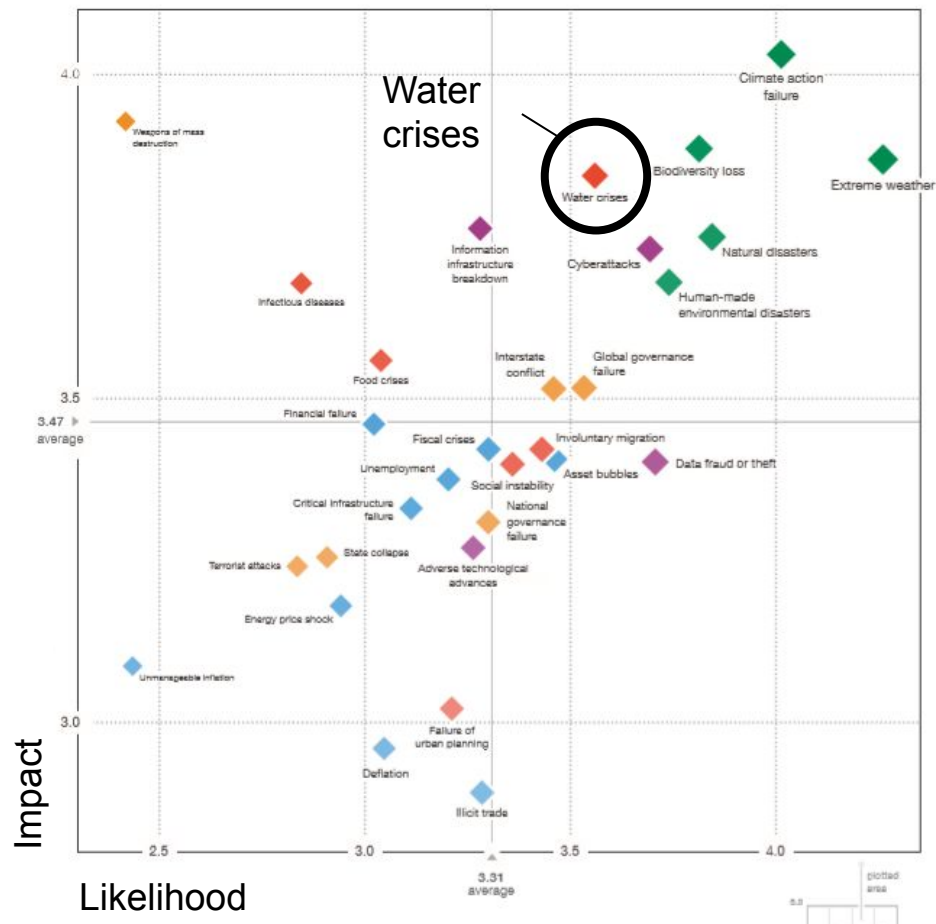
Susanne Blank, Head of Economics and Innovation Division, FOEN

Isabella Pagotto, Senior Advisor Global Programme Water, SDC



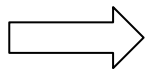
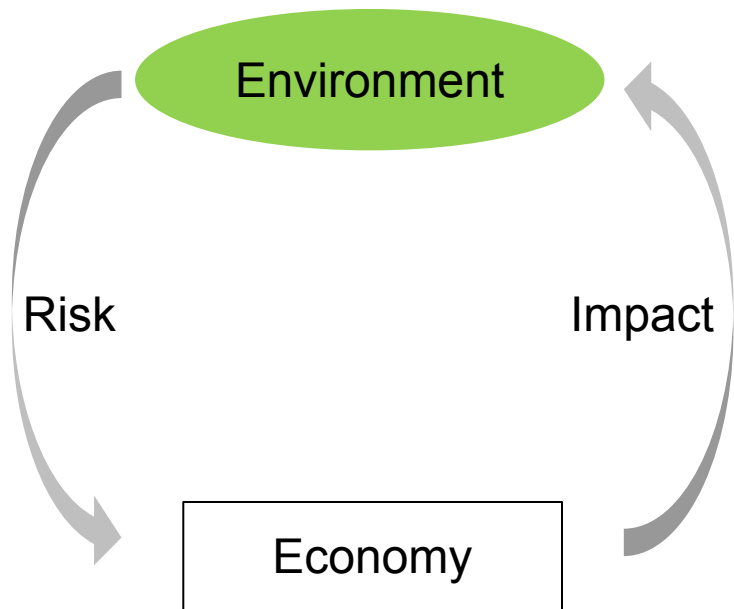
Water Crises as A Major Risk

- Global Risk Report 2020 (World Economic Forum): water crises among the top ten global risks
- Global Water Report 2019 (CDP):
 - 50% of rivers polluted in US
 - 1/3 of rivers polluted in Africa, Asia and Latin America
 - 60% of surface water polluted in Europe
 - USD 425 billion of assets exposed to water risks





Stepping to Action



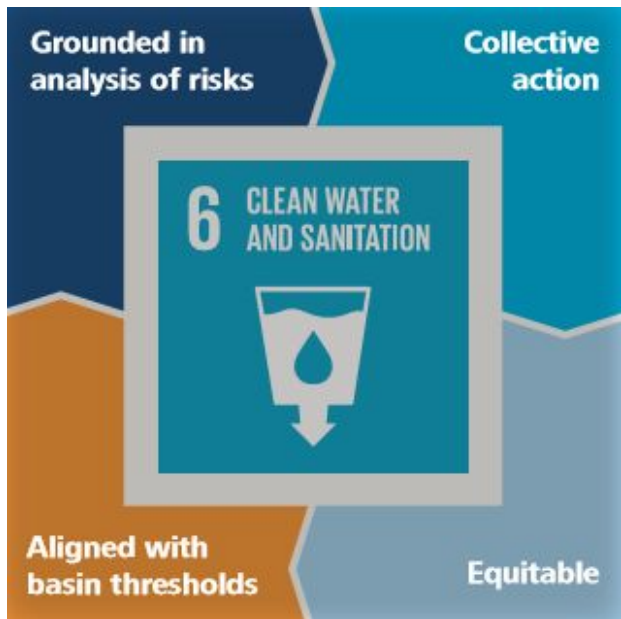
Avoid negative impact to avoid risk

Focus FOEN's work:

- Science-based approach
- Alignment with international environmental goals



Action Towards Global Water Security



Avoid negative impact to avoid risk & catalyzing innovative solutions for sustainable development and peaceful societies

Focus of SDC Global Programme Water work:

- Policies & Knowledge
- Catalyst, Innovation & Partnerships
- Systemic Change globally and to support sustainable development in partner countries (in the developing world / emerging economies)

The importance of investor engagement



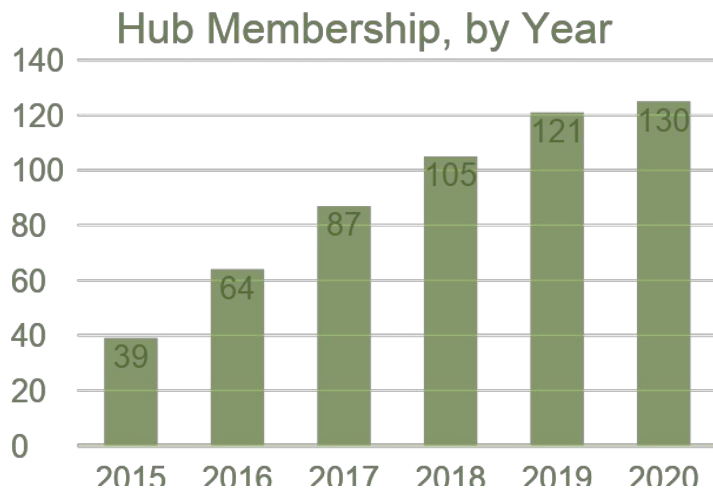
The Importance of Investor Engagement on Water

**Robin Miller, Investor Engagement, Water
Ceres**

1. What is investor engagement?
2. What impact does it have?
3. Why is investor engagement on water particularly important?

Ceres Investor Water Hub

The leading global investor platform dedicated to sharing & co-developing world class methods to assess & act upon water risks and opportunities



130 institutional investors
\$20+ trillion in AUM

Advisory Committee

 **Breckinridge**
CAPITAL ADVISORS

 **CALSTRS**

 **INTERFAITH
CENTER ON
CORPORATE
RESPONSIBILITY**

 **IMPAX** Asset
Management

 **KBIGI**

 **NORGES BANK**
INVESTMENT MANAGEMENT

 **PARK**
FOUNDATION

 **PGGM**

 **PRI** Principles for
Responsible
Investment



 **Water Asset
Management**



Investor Water Toolkit

First-ever comprehensive resource to evaluate & act on water risks and opportunities in investment portfolios.

- Focus on methods & best practice
- Pushes the boundaries of current practices
- Showcases peer case studies
- Brings together tools, datasets, resources



Understand
Water Risks



Establish
Priorities



Buy/Sell Analysis



Portfolio & Asset
Class Analysis



Engagement



Global Investor Engagement on Meat Sourcing



90+
INVESTORS



\$11.4tn
COMBINED ASSETS

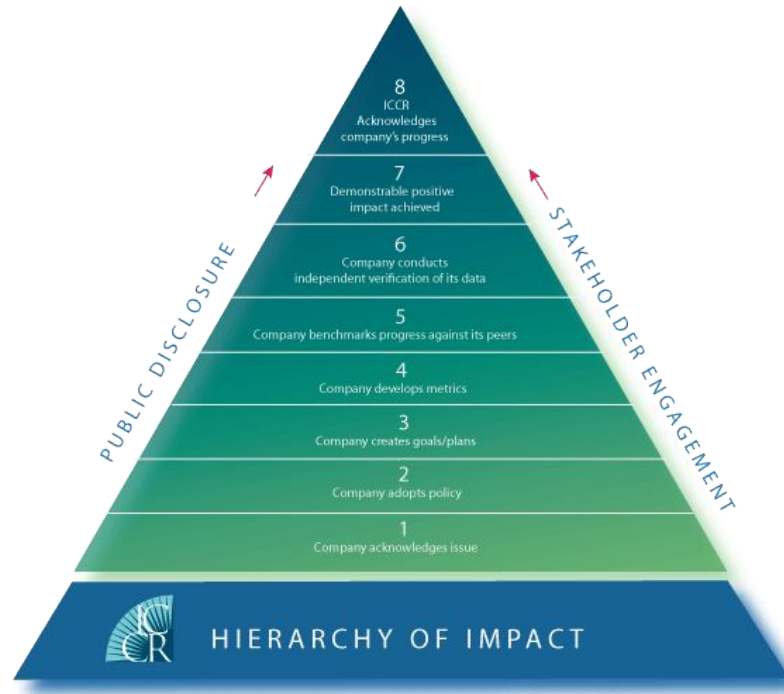
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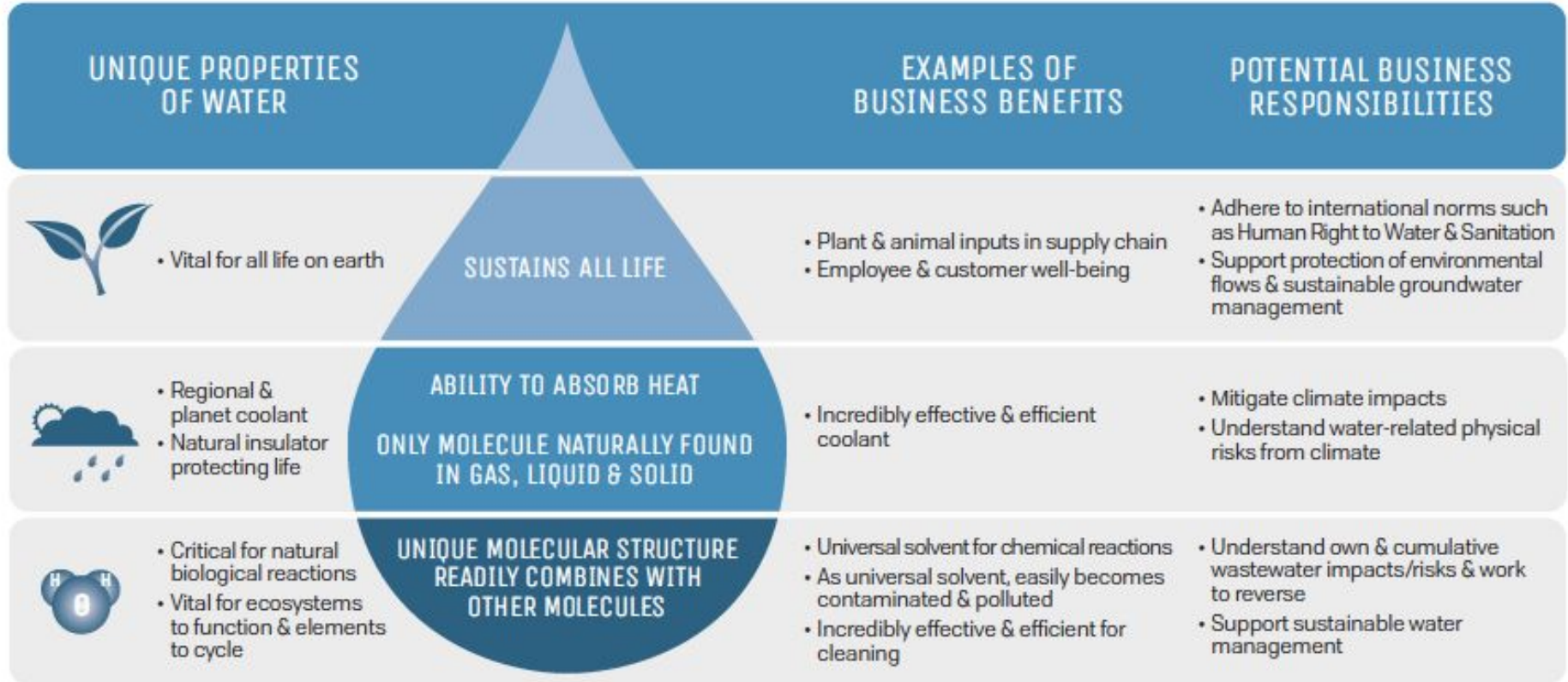
FOCUS COMPANIES



What Impact Does Investor Engagement Have?



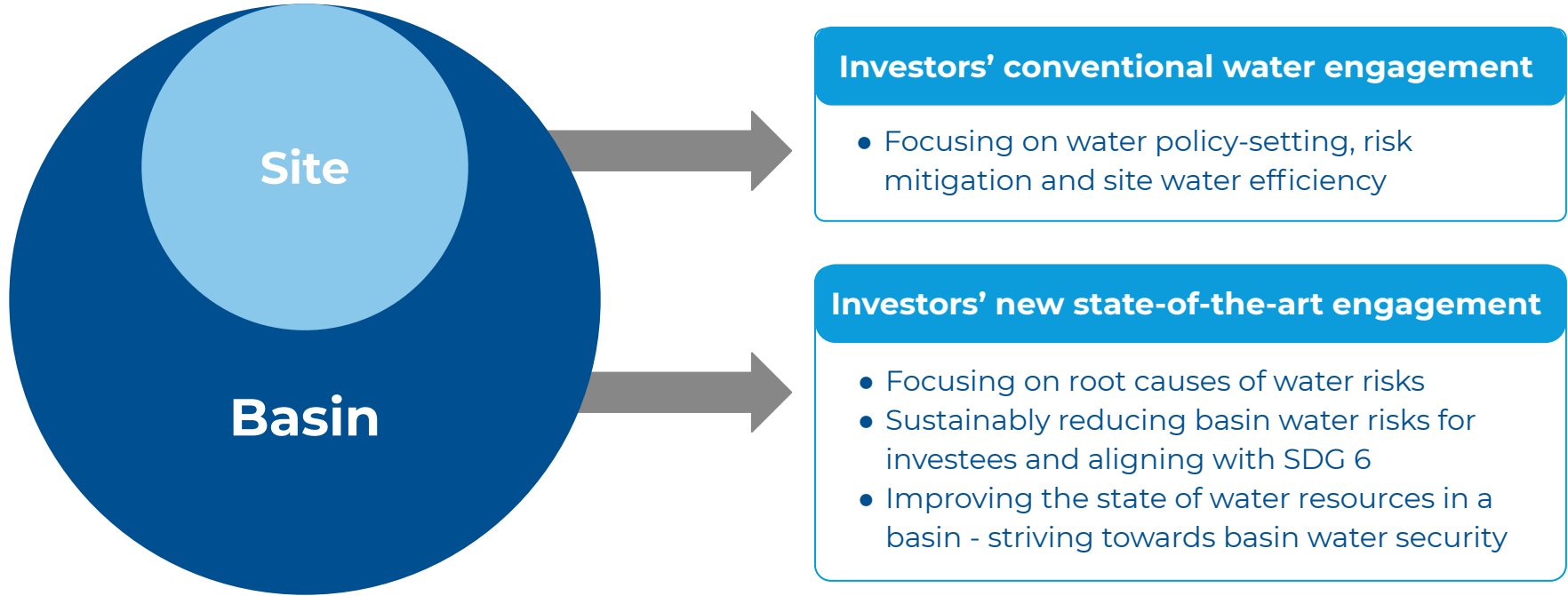
Why is investor engagement on water important?



Designing an impactful water engagement strategy



What is novel in this approach?



Basin water security is...



Grounded in an analysis of local and forward-looking **water risks**



Meets the environmental, social and economic **needs of all users**



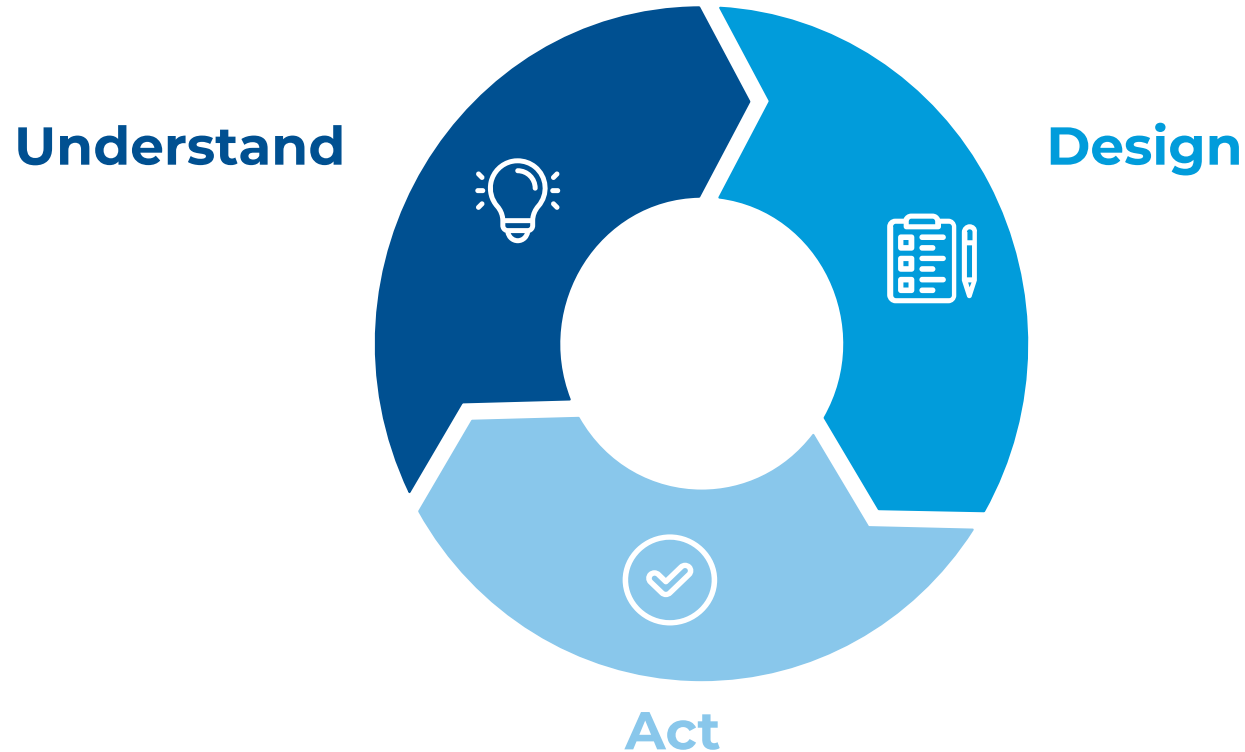
Aligned with **science-based basin level** thresholds



Involves all stakeholders and requires **collective action**

“Fostering sustainable water quantity and quality of freshwater resources for all users in a water basin in the long-term.”

A framework for water engagement



Understand

Identify high risk industries

Identify the high-risk industries that are exposed to material water risks by analysing

- Operational water risk
- Basin water risks

Identify low & medium performers

Identify low and moderate performers within those industries by analysing a companies' water management response

High-risk industries are...

Industries with agricultural supply chains (food & beverage, apparel), as well as the energy, mining, chemical & pharmaceutical sectors



Relevant tools



WORLD
RESOURCES
INSTITUTE



Ceres



CDP

DISCLOSURE INSIGHT ACTION



PRI



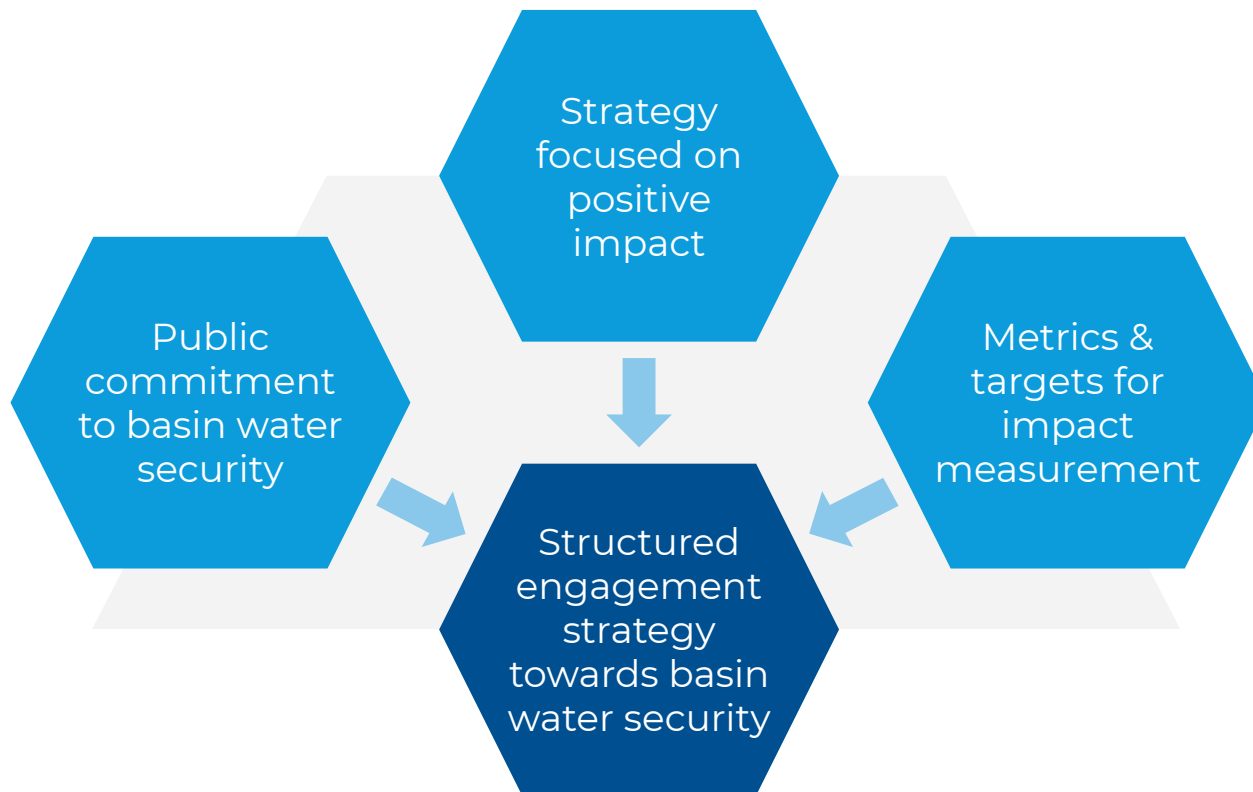
ALLIANCE FOR
WATER STEWARDSHIP



WWF

Design:

The main ingredients of the engagement at investor level



Act:

An iterative process based on the principle of continuous improvement



**Engage with
investees**

**Engage with
investor networks**



**Define priority
basins**

**Measure impact
and integrate
lessons learnt**

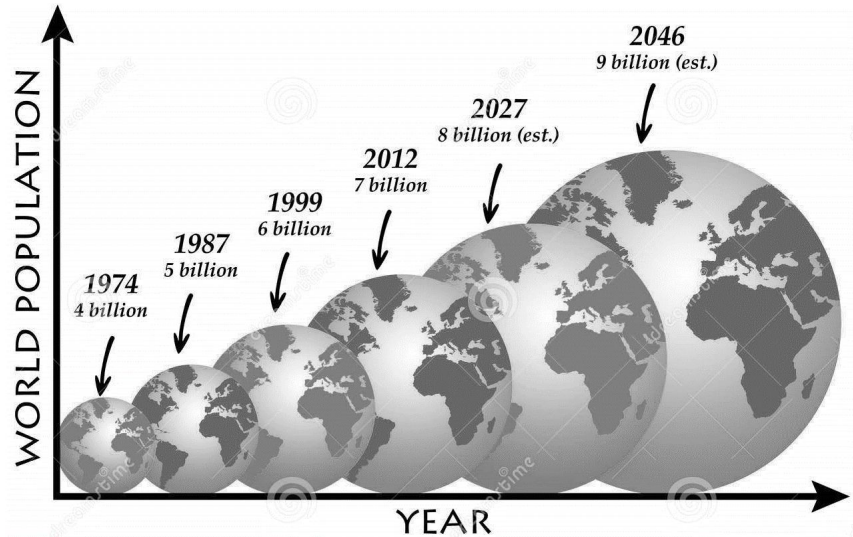
Putting it into practice

A macro photograph of a green leaf with numerous water droplets. One large, clear droplet is in sharp focus on the left side of the leaf, reflecting the surrounding greenery. The leaf's surface is covered with many smaller droplets, and fine hairs are visible along its edge. The background is a soft, out-of-focus green.

ACTIAM - Investor Engagement to achieve impact

Online, 17 August 2020

Trend: growing world population puts pressure on natural resources



With a population of 8.3 billion people by 2030, we'll need:

50%
more energy



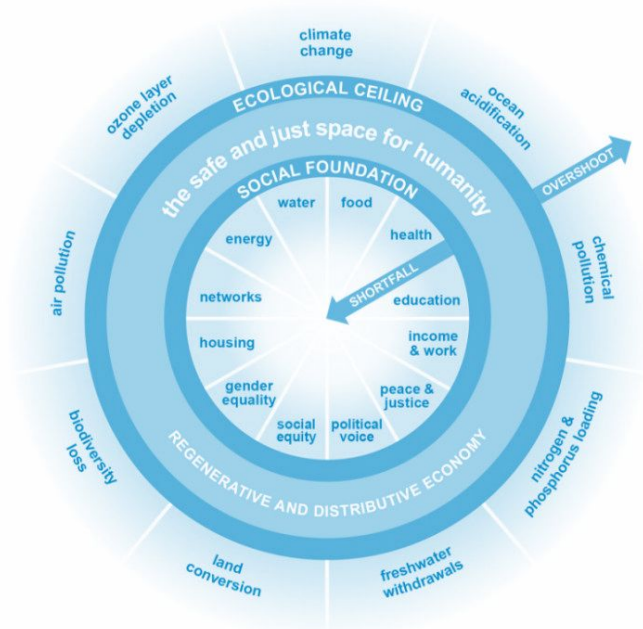
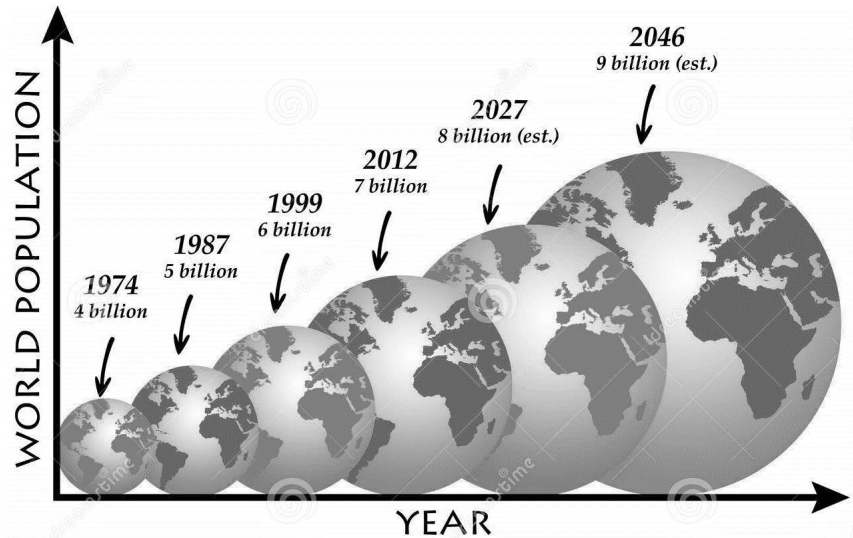
40%
more water



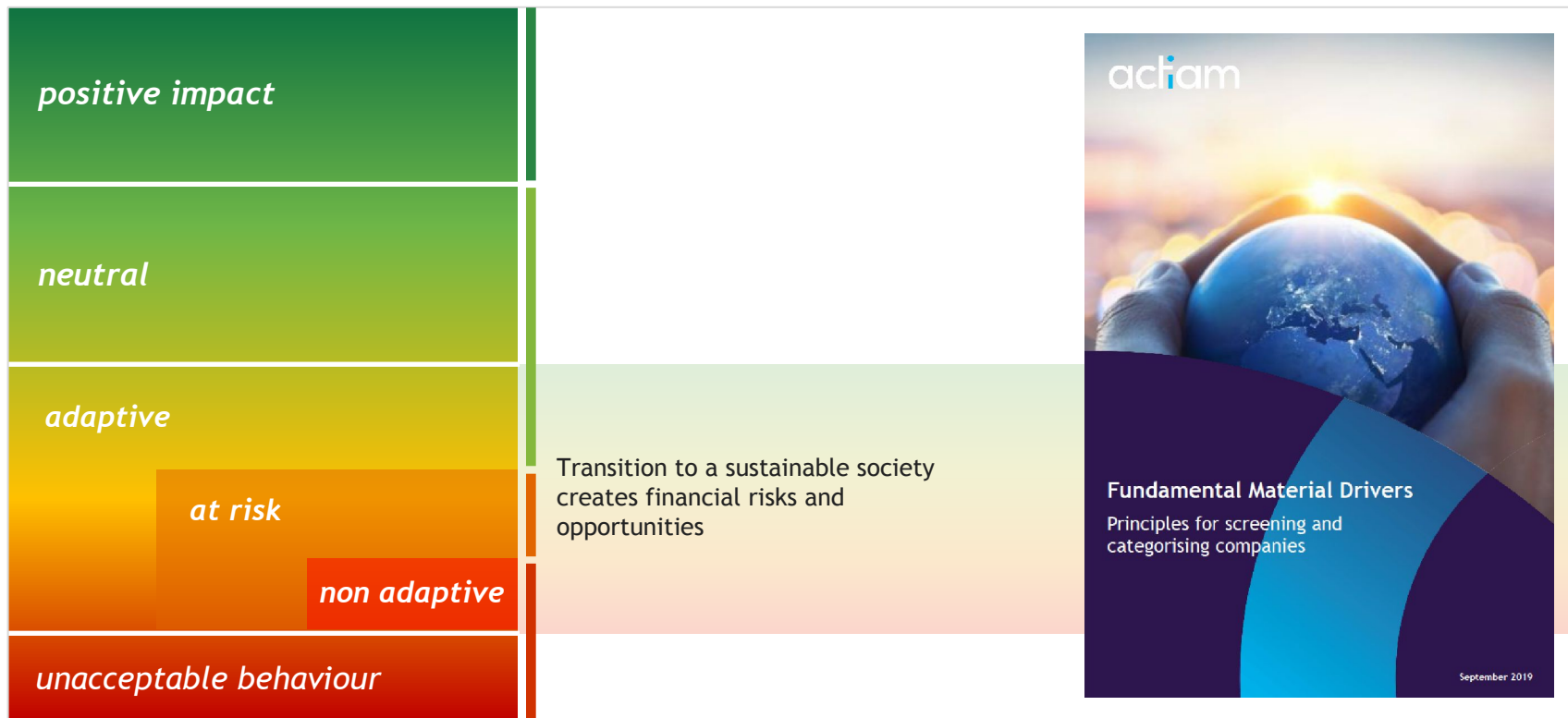
35%
more food



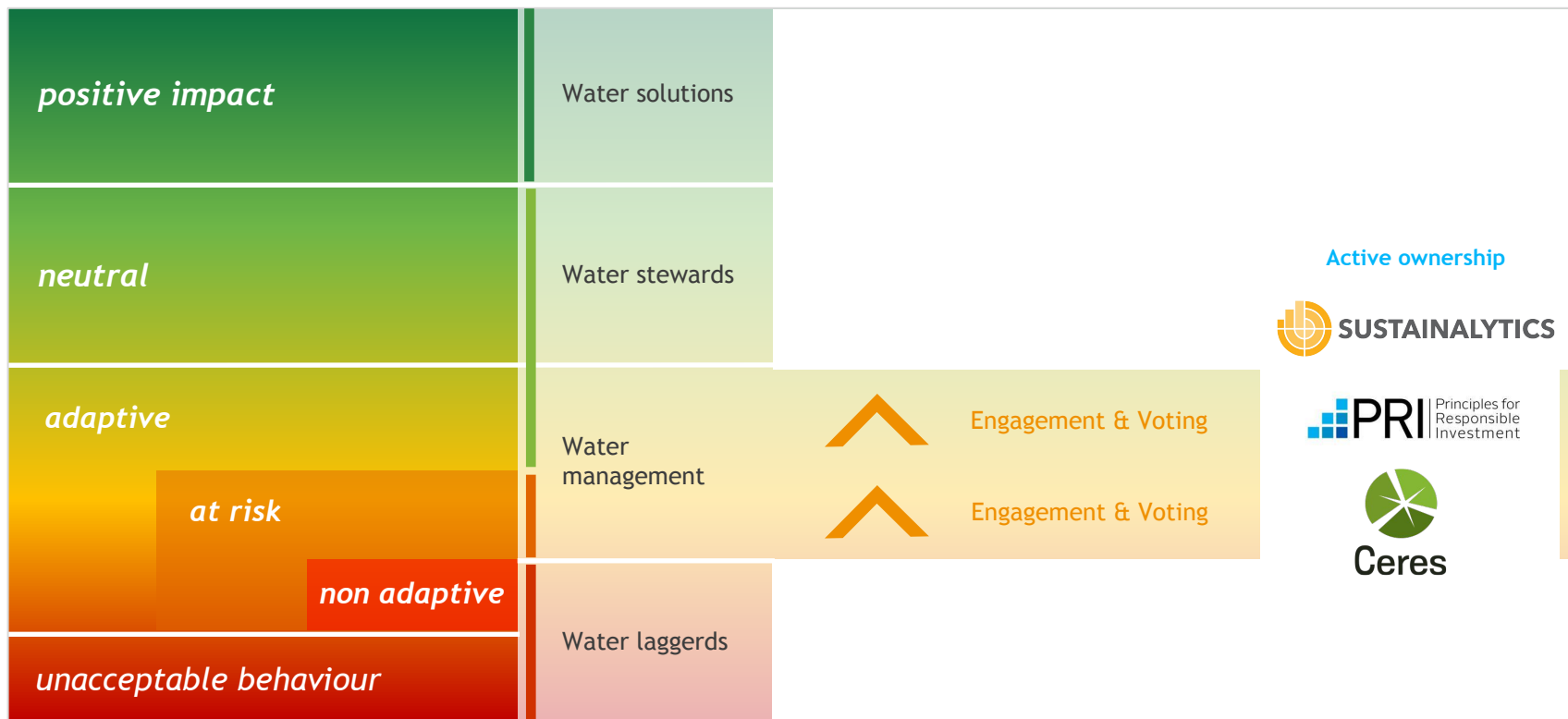
Trend: growing world population puts pressure on natural resources



Policy: identify and mitigate physical and transitional ESG risks



Policy: identify and mitigate physical and transitional ESG risks



Example: localized water engagement to achieve behavioral change



Engagement goal

- » On the company level
 - » Improved awareness of the importance and benefits of localized water management
 - » Company-wide water strategy
- » On the basin level
 - » Opportunities for companies in the same catchment to find partners for joint efforts
 - » Tangible impacts on the ground
- » Broader impact
 - » River-basin dispersion and efforts across sectors
 - » Strengthen the role of investors as a pertinent stakeholder in integrated responses to water crises

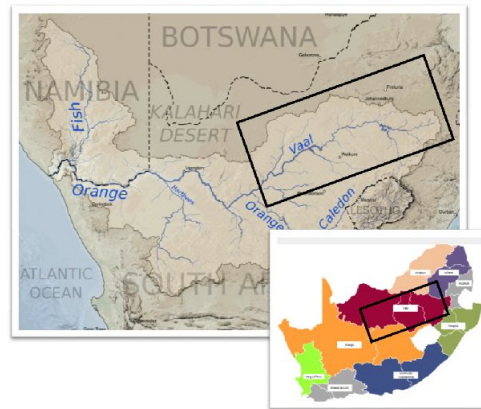
River basin selection

Thematic Engagement: Localized Water Management

- » The river **Tiete** is a tributary of the river Parana in Brazil. The city of Sao Paulo is in the Tiete basin.



- » The river **Vaal** is a tributary of the river Orange in South Africa. The city of Johannesburg is in the Vaal basin.



Q&A session



Thank you for attending!

Feel free to contact us



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