Open Letter to Governments on the Water Crisis

This statement is signed by investors with over US$3 trillion in assets.

We stand at a crossroads in which finance and government leaders worldwide have the power to raise ambition and accelerate action to tackle the water crisis.

The global water crisis is a systematic financial risk to nearly all economies and the climate crisis multiplies these threats.

2.3 billion people currently live in water stressed areas, and since 1970, we have experienced a dramatic 84% decline in freshwater biodiversity.

In May 2022, an international team of researchers led by the Stockholm Resilience Centre and Potsdam Institute for Climate Impact Research found that the planetary boundary for freshwater has now been transgressed, posing “a threat to life support systems on Earth”. In August 2021, the IPCC issued a “code red for humanity”: its Sixth Assessment Report (AR6) was a stark warning that disastrous tipping points are nearing, and that urgent system-wide action is needed now to increase resilience and reduce vulnerability of water resources, related ecosystems, communities and the economy to the effects of climate change.
To achieve Sustainable Development Goal 6 and its sub-targets, we must work together to ensure that people around the world have access to water and sanitation, and we must improve water quality by reducing pollution, eliminating dumping and minimizing the release of hazardous chemicals and materials. We must halve the proportion of untreated wastewater and substantially increase water recycling and safe reuse globally. Water use for agricultural, industrial and energy generation activities must be transformed, to reduce demand and ensure that productive activities do not exacerbate water scarcity conditions.

In this shared global crisis, private financial institutions and governments each have a responsibility to act swiftly and boldly. We are taking action by considering water risks and opportunities, engaging companies to use water sustainably, and embedding water goals and strategies into our portfolio decisions.

We are also calling on policymakers to deliver robust water action. We are urgently seeking to decrease our exposure to water risk as a core fiduciary duty and benefit from the opportunities associated with the transition to a water secure economy.

However, our ability to properly align financial decisions with the water security transition is limited by:

- A lack of ambitious national and international water commitments alongside effective policy environments.
- Insufficient public investment in the solutions needed to reverse the current crisis and secure water for people and the environment; and
- A lack of standardized, comparable, internationally aligned corporate water disclosures.
These gaps need to be addressed with urgency. As the world prepares to gather for the UN Water Conference, we call on all governments to:

- Strengthen their National Sustainable Development Strategies for 2030 to ensure a planned and equitable transition to a water secure world by 2030 or sooner.

- Commit to ambitious, domestic short term water targets and outline a pathway, including clear water secure roadmaps, for each water-dependent sector.

- Implement domestic policies to deliver these targets, incentivize private investments in water solutions and ensure ambitious pre-2030 action through: efficient mechanisms for pricing water risks and impacts, the removal of environmentally harmful subsidies by set deadlines, and the development of just transition plans for affected workers and communities.

- Commit to implementing mandatory water disclosure requirements aligned with international best practice recommendations, including Target 15 of the new Global Biodiversity Framework, that work for people and planet, ensuring comprehensive disclosures that are consistent, comparable, and decision useful.
Strong political commitment and the development of an enabling environment can accelerate and scale up private capital flows towards the water secure transition. Pursuing water resilience objectives will create significant investment opportunities in clean technologies, green infrastructure and other assets, products and services. In turn, investors, banks and insurance firms can use capital allocation and stewardship to support sustainable activities that generate jobs and economic growth, transition away from water-intensive or polluting activities and increase security and resilience. We encourage governments to engage closely with us to make sure these opportunities are fully realized.

As finance leaders, we are committed to working with governments to ensure policy mechanisms are developed and implemented to transition to a water secure economy by 2030 or sooner.

We urge all governments to step up their collective response to the water crisis.

Signed:

ARGA Investment Management  Figure 8 Investment Strategies
BancoPosta Fondi SGR  Impax Asset Management Group plc
BDL Capital Management  Irish Life Investment Managers (ILIM)
BNP Paribas Asset Management  JLens Investor Network
Brown Advisory  KBI Global Investors
Cardano ACTIAM  La Banque Postale Asset Management
CBIS  Legal and General Investment Management
Coller Capital  Mill Reef Capital AG
Coronation Fund Managers Ltd  Osmosis Investment Management
DECALIA SA  Quilter Cheviot
DNCA Finance  RadiantESG
Downing LLP  Riverwater Partners LLC
East Capital Group  SCOR Investment Partners SE
Ecofi  SCOR SE
EcoFin  SDG Invest
Eden Tree Investment Management  SEB Investment Management
Elo Mutual Pension Insurance Company  Sumitomo Mitsui DS Asset Management
ESG-AM  Swedbank Robur
Ethos Foundation