

A drone shot of tea plantation employees at the Nagrifarm tea estate in Pokhriabong, Darjeeling, India. May 2022.

Water, Sanitation and Hygiene (WASH) in the Evolving EU Legislative Environment

Corporate Playbook

Why this playbook?

Water, sanitation and hygiene (WASH) is a fundamental and basic human right for all*. It bridges environmental and social agendas and underpins many other related rights and environmental challenges pivotal to business growth.

Without comprehensive due diligence and materiality assessment of WASH across value chains and affected communities, **companies risk overlooking critical impacts, risks and opportunities (IROs)**. This undermines business resilience and can have devastating impacts on the people and environments that businesses rely on and interact with.

The Corporate Sustainability Reporting Directive (CSRD), the underlying European Sustainability Reporting Standards (ESRS), and the Corporate Sustainability Due Diligence Directive (CSDDD) represent an opportunity for companies to demonstrate transparency and accountability in how they uphold human rights, address environmental challenges and ultimately ensure their resilience and growth.

This playbook guides companies to meaningfully identify, address and disclose WASH IROs – related to both human rights and the environment. It demonstrates how to go beyond risk mitigation to do better business and drive competitive advantage by harnessing good practice on WASH due diligence and reporting.

*On 28 July 2010 the United Nations General Assembly through Resolution. A/RES/64/292 declared safe and clean drinking water and sanitation a human right.



Suman uses a state of the art hand washing facility installed at the Kings International Ltd tannery. Unnao, Uttar Pradesh, India. April 2022.

Disclaimer

Specific insights into the expectations of companies under CSRD (ESRS) and CSDDD reflect requirements as instated in law as of January 2025. Nothing herein should be understood as legal advice or guarantee of compliance.

We recognise that the Omnibus proposal places uncertainty around what these regulations will look like in the future. However, as they currently stand, both CSRD (ESRS) and CSDDD are transposed into national law and is a legal requirement for companies in scope.

The guidance for WASH due diligence outlined in this playbook reflect good practice regardless of legislative requirements.

Background

This Playbook is targeted at corporate functions responsible for sustainability reporting and sustainability/social impact functions who lead on WASH and human rights.* It is intended to support companies achieve more positive WASH impacts through their due diligence and reporting strategies.

The EU legislative environment for sustainability is evolving and subject to ongoing uncertainty. Yet, **CSRD (ESRS) and CSDDD build on pre-existing international conventions, norms and standards on human rights and environmental due diligence and reporting (incl. IFRS and ISSB)**. This playbook is grounded in these foundational good practice principles.

This playbook was developed by WaterAid in collaboration with Quantis Sarl, with support from Enact Sustainable Strategies, and sponsored by DP World. It is the product of in-depth analysis into the CSRD, ESRS and CSDDD, alongside four semi-structured interviews with companies subject to CSRD/CSDDD, and strategic analysis by the authors.



Amir Ausaf, manager at the Kings International Ltd tannery, interacts with staff working on a production line. Unnao, Uttar Pradesh, India. April 2022.



*We recognise that these functions are structured differently across organisations. Some prior knowledge of CSRD/CSDDD and WASH is assumed.

How to navigate this playbook

This playbook is divided into 6 sections, each with a distinct focus summarised below.

Companies can use this playbook sequentially or jump to the sections most relevant to their role and objectives. It is advised that section 4 (due diligence) is read before section 5 (reporting).

Section 1

Executive summary

- Summary of the key insights across each of the following sections of the playbook.

Section 2

WASH bridges ESG pillars of EU legislative frameworks

- How WASH interlinks with the wider ESG and sustainability agenda.
- For readers seeking to better understand WASH and its interlinkages.

Section 3

Where and how could WASH be material for your company?

- A screening tool to guide companies on identifying where and how their activities may be linked to WASH-related adverse impacts and IROs.
- For teams responsible for conducting impact and/or materiality assessments.

Section 4

Accountability and due diligence: WASH and CSDDD

- Guidance on how to leverage good practice to integrate WASH into due diligence, including but beyond CSDDD.
- For teams responsible for human rights and/or environmental due diligence and those responsible for identifying material IROs and disclosure.

Section 5

Transparency and disclosure: WASH in CSRD

- Guidance on how WASH is embedded within CSRD (ESRS), and how to integrate WASH in materiality assessments and reporting.
- For teams responsible for identifying material IROs and disclosure.

Section 6

Towards action

- Summary of key actionable takeaways and how WaterAid can support you integrate WASH into reporting and sustainability strategies.
- For sustainability managers and/or teams responsible for conducting impact and/or materiality assessments.



Section 1

Executive summary

Executive summary

1 WASH is where the environmental and the social pillars meet.

Identifying WASH IROs requires purposeful collaboration between several internal sustainability and core business teams. WASH is embedded across both the environmental and social pillars of the directives, explicitly and implicitly.

2 A WASH lens must be integrated into due diligence to prevent WASH IROs being overlooked.

WASH IROs are easily overlooked and often manifest through related sustainability issues (e.g. health and safety or water pollution). WASH must be meaningfully integrated into due diligence processes to properly identify if the business is adversely impacting the right to water and sanitation and related protected environmental and human rights.

3 Due diligence should inform the double materiality assessment (DMA) and reporting.

Only through robust due diligence will companies get a holistic understanding of their WASH IROs. Even if a company is not in scope for CSDDD, due diligence should inform materiality and the scope of reporting. Reporting alone puts the cart before the horse, creating more chance of overlooking significant WASH IROs.

4 WASH IROs often exist in hotspots. Companies still have responsibility to address them.

WASH hotspots often exist even if WASH is not deemed material to the business through the DMA. Under CSDDD, and international conventions and norms, companies are expected to address these WASH hotspots according to severity and likelihood, regardless of reporting criteria.

5 The directives bring necessary focus to the supply chain and affected communities, where WASH risks/needs are often greatest.

However, WASH risks can, and do, also occur in owned operations in the EU.

6 Meaningful stakeholder engagement is pivotal for identifying WASH IROs, given public WASH data can be limited.

This is particularly important when considering workers in the value chain and affected communities, and should be supplemented by expert consultation and accessible, credible reports as part of due diligence and materiality assessment.

7 CSDDD and CSRD should be leveraged beyond compliance to drive positive impact.

CSDDD and CSRD are a means to strengthen and showcase a company's sustainability strategy and governance, drive strategic sustainability action and increase positive impact.

8 NGOs are your allies.

NGOs are partners that can help companies interpret data, identify IROs, prevent and address adverse impacts, neutrally engage business partners, engage key public stakeholders, and ensure your compliance-driven activity is driving strategic ambition and meaningful impact.

Shri Ram works at the Superhouse tannery and says after getting handwashing facilities and drinking water his health has improved and he is now able to work more and falls ill less often as compared to previous times. Unnao, Uttar Pradesh, India. April 2022.



2

Section 2

WASH bridges the environmental, social and governance pillars of the EU legislative frameworks

Change starts with **clean water**

- 💧 **Health** starts with **clean water**.
- 💧 **Gender equality** starts with **clean water**.
- 💧 **Poverty reduction** starts with **clean water**.
- 💧 **Dignity** starts with **clean water**.

Clean water and sanitation **stops disease**. It **keeps people in work**. It enables **thriving communities and economies**. Water is life.

💧 **2.2 billion** people don't have safe water.

💧 Roughly **half** of the world's population currently **experience severe water scarcity** for at least part of the year.

💧 **1.5 billion** people don't have a decent toilet of their own.

💧 Climate change is felt through water, with **9 in 10 natural disasters** being **water related**.

💧 **2 billion** people lack soap and/or water to wash their hands at home.

💧 Women are responsible for water collection in **2 of 3 households**, contributing to **gender inequality** and reducing their time for paid work.



Ensure availability and sustainable management of water and sanitation for all.

Sources: WHO/UNICEF Joint Monitoring Programme (JMP); The United Nations World Water Development Report 2024; The Sustainable Development Goals Report 2024; UNEP; IPCC, 2023; CDP, 2021, CDP 2023.

WASH impacts and risks are material to business

While governments bear the ultimate responsibility for WASH provision, inadequate WASH creates material business challenges.

WASH impact	WASH risk
<p>Where & how do your business activities have an (actual or potential) adverse impact on water security or WASH?</p> <ul style="list-style-type: none"> Inadequate WASH services in factories mean female employees cannot manage their periods safely, creating gender inequalities and diminishing worker health. Industrial groundwater over-extraction hinders access to clean water for neighbouring communities. 	<p>Where does inadequate WASH provision pose a threat to your business continuity, resilience, reputation, growth?</p> <ul style="list-style-type: none"> Without WASH services in their community, employees suffer from frequent illness leading to high absenteeism and low productivity. Severe drought means clean water is scarce. While the company may secure an alternate water source, the surrounding town goes without, creating reputational risks.

- **US \$301 billion of business value is at risk** unless companies improve and innovate around water use.
- **US \$420 million in productive value can be unlocked** if everyone has a decent toilet of their own where waste is safely managed.
- **1 in 5 companies** reported supply chain water risks could have a significant impact on their business.
- Yet, **only 21% (1011)** of companies disclosing to CDP in 2023 have WASH-related commitments in the workplace, and 10% in local communities.
- **WASH improvements have been proven to reap quantifiable business benefits** including higher productivity, lower absenteeism, and lower medical costs.



Sources: CDP, 2024. CDP 2023; CDP & Planet Tracker, 2023 ; WaterAid. 2022. [Boosting Business: Why Investing in WASH pays off](#); WaterAid 2021. [Mission-critical: Invest in water, sanitation and hygiene for a healthy and green economic recovery](#).

WASH interlinks strongly with the wider sustainability agenda

WASH underpins many sustainability topics that are crucial for workforce health and safety, community and environmental resilience, and, ultimately, business continuity.

Without WASH, adequate housing, gender equality, food security, and climate resilience are unachievable.

Understanding how WASH is implicit in these other sustainability topics is critical to identifying and addressing WASH IROs.

Companies must consider both **explicit** and **implicit*** WASH-related topics to adequately assess their potential or actual adverse impacts and IROs.



- Topic covered/ partially covered in CSRD (ESRS).
- Topic covered/ partially covered in CSDDD.

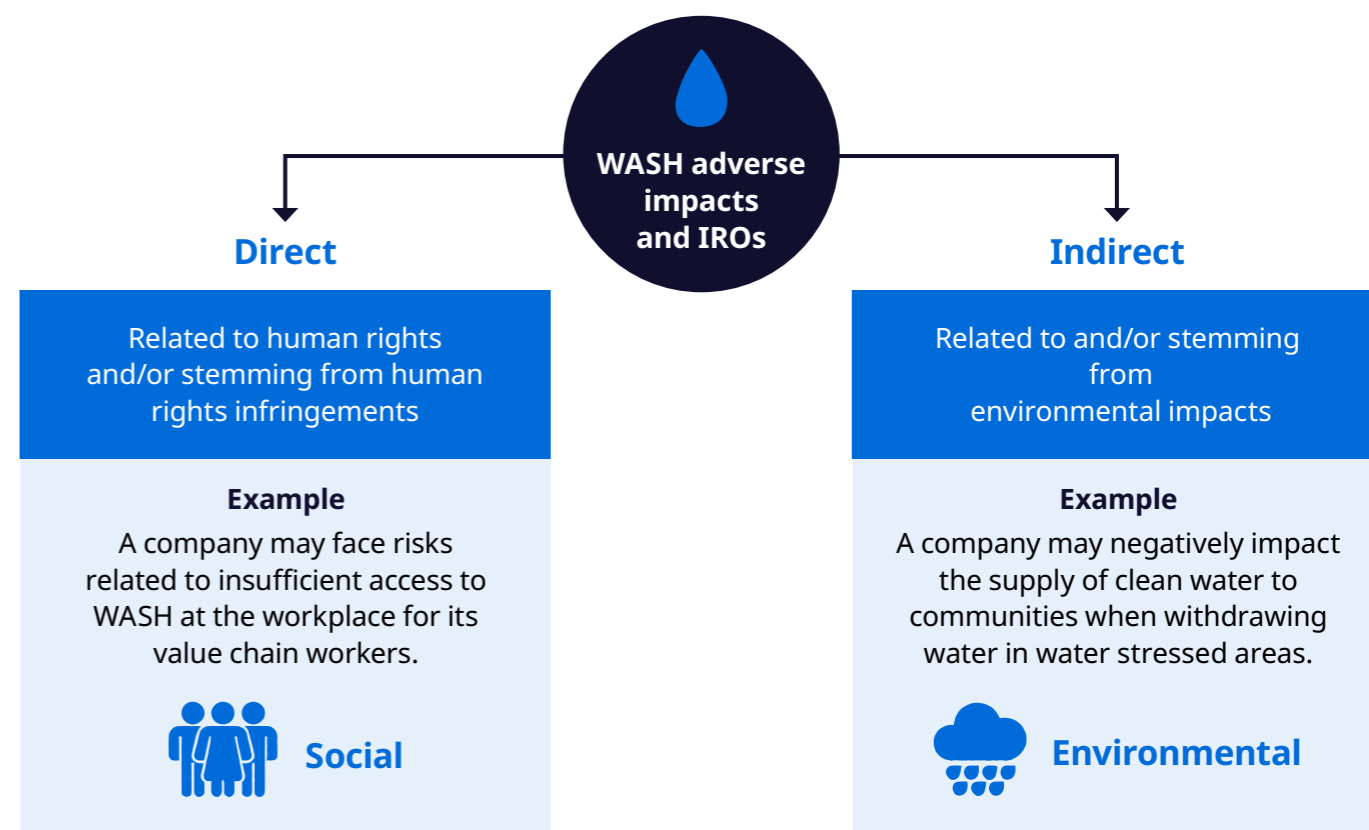
*Note: this is a non-exhaustive list.

* **Explicit** references use WASH-related vocabulary (e.g. "Water and sanitation").
Implicit references include sustainability topics that are inherently linked to WASH, even if not explicitly mentioned (e.g. gender equality). See section 5.

WASH is where environmental and social sustainability meet

WASH sits at the crux of the environmental and social pillars. CSDDD and CSRD (ESRS) require companies to identify two different types of actual and potential adverse impacts and IROs* related to WASH:

- Those **directly** linked to WASH – related to **human rights** and/or stemming from human rights infringement (**social arena**).
- Those **indirectly** linked to WASH – related to and/or stemming from **environmental impacts** (**environmental arena**).



* IROs in CSRD (ESRS) stands for impacts (positive or negative), risks and opportunities

Identifying WASH IROs requires collaboration between environmental and social teams

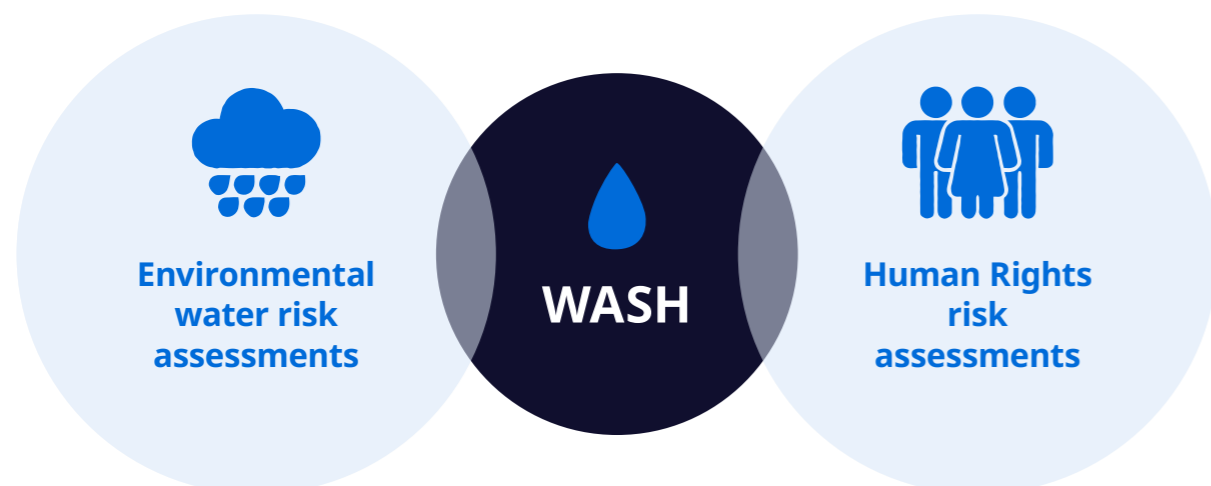
Identifying actual/potential adverse impacts and IROs **indirectly** related to WASH (i.e. stemming from environmental impacts), as well as **implicit** WASH-related topics (e.g. worker wellbeing), **requires collaboration between social and environmental sustainability functions**. This ensures that **WASH hotspots** are systematically identified, assessed and mitigated or remedied.

Examples of this include:

- Integrating WASH-related risks into water and nature risk assessments.
- Building cross-functional or matrix teams/mechanisms that are better equipped to identify and act on WASH-related IROs.

Failing to do so could lead to companies overlooking WASH-related adverse impacts and IROs in their own operations and value chain.

See the [CEO Water Mandate Guidance for Companies on Respecting the Human Rights to Water and Sanitation \(2015\)](#) for more examples of how to link social and environmental sustainability functions.



Section 3

Identifying where and how WASH could be material for your company

WASH Materiality

Preliminary screening tool



This preliminary screening tool aims to help companies better understand where their own direct or supply chain activities may:

- a. have a WASH-related adverse impact on human rights or the environment related to WASH and/or
- b. where inadequate WASH may pose a material risk to their business.

It is not intended to replace a full WASH-related assessment of a company's own operations and supply chain, but should be used to guide the scope and focus of:

- Due diligence to identify WASH risks according to **severity and likelihood**.
- Double materiality assessment to determine scope of CSRD reporting, based on **impact** and **financial materiality** according to **severity, likelihood and magnitude (\$£)**.

Due diligence and double materiality are key features of the CSDDD and CSRD.

Sector of activity

Does your company operate in a high WASH risk or impact sector?

Question 1

Does your company operate in one of the following high WASH risk or high WASH impact sectors?

- Agriculture
- Textile and garment
- Food and beverage
- Mining and extraction
- Pharmaceutical and chemical
- Oil and gas
- Pulp and paper
- Construction and real estate development
- Energy
- Fisheries and aquaculture
- Transport
- Metal
- Manufacturing (transportation equipment, electrical and electronic equipment).



Yes, go directly to page 19



No, move on to the next question on page 17

External context

How exposed are your operations and supply chain to contextual/inherent WASH risk?

Answer this question only if you answered **'No'** to the previous question. If you answered **'Yes'** to the previous question, move directly to [page 19](#).

Question 2

Do one or more of the following criteria apply to one or more of the geographical areas where your company operates or sources?

- Remote area
- Water scarce area or area with high competition for water resources
- Area with high water pollution
- Area with industry clusters
- Area in proximity to marginalised or indigenous communities
- Area with community tensions or water rights conflicts
- Areas with a lack of state capacity to enforce water-related frameworks and human rights
- Areas exposed to human right abuses
- Area with inadequate WASH infrastructure or service provision
- Area experiencing or likely to experience severe weather events due to climate change (drought, floods, extreme heat, etc.)
- Area with large populations of migrant or seasonal workers
- Areas with weak waste-water management practices
- Area with lack of publicly available data on the state of water resources, including drinking water quality.



Yes, go directly to page 19



No, move on to the next question on page 18

Company specific context

Exposure to WASH risks and impacts arising from your business model

Answer this question only if you answered **'No'** to both previous questions. If you answered **'Yes'** to one of the previous questions, move directly to [page 18](#).

Question 3

Do one or more of the following criteria apply to your company's operations or business model?

- Reliance on manual labour conducted outdoors and/or exposed to extreme weather events (including extreme heat)
- Reliance on migrant and seasonal workers (in your own operations and/or value chain)
- Reliance on female dominated workforce (in your own operations and/or value chain)
- Reliance on unskilled workforce (in your own operations and/or value chain)
- Reliance on low-income workforce (in your own operations and/or value chain).



Go to page 19



Go to page 20

WASH is likely to be a material topic if you answered **'Yes'** to one or more of these questions



If you answered 'Yes' to at least one of the three questions on 'sector of activity', 'external context' or 'company-specific context'.

Your business activities, in your own operations and/or value chain, are likely to cause, jointly cause or be linked to WASH-related actual or potential adverse impacts and IROs. WASH is likely to be a material topic for you.

What to do?

- Include WASH in your due diligence and materiality assessment, going beyond "Water and Sanitation", including also implicit and indirect WASH-related actual or potential adverse impacts and IROs.
- Raise awareness with the relevant internal teams (environment, human rights, procurement, legal, etc.) on WASH and how WASH-related actual or potential adverse impacts and IROs can manifest.
- Ensure there is sufficient coordination between the environment and human rights teams internally.
- Conduct a basin water risk assessment of your owned sites and supplier sites, including WASH indicators / add WASH-related indicators to your existing water risk assessment.*
- Review the WASH-related data you might already be collecting (water risk assessment, social audits, industry certifications, etc.) and look for explicit, implicit, direct, indirect WASH related actual or potential adverse impacts and IROs.
- Engage with stakeholders representing your own workforce, workers in your value chain, and affected communities to gain a deeper understanding of the local WASH-related context.

* Public data sources include WWF [Water Risk Filter](#) and WHO/UNICEF [Joint Monitoring Program \(JMP\) database](#).

WASH might still be a material issue in specific hotspots if you answered **'No'** to all questions



If you answered 'No' to all the three questions on sector of activity, external context and company specific context.

There may still be material hotspots in your operations, supply chains or affected communities where the severity and likelihood of adverse WASH impacts requires companies to take appropriate measures to address them. Effective due diligence to identify and address these impacts should apply irrespective of whether the company is reporting under CSRD.

What to do?

- Raise awareness with the relevant internal human rights and environment teams on WASH and how WASH-related actual and potential adverse impacts and IROs can manifest.
- Ensure WASH is integrated into your internal monitoring systems, (e.g. through social audits, workers audits, supplier standards, standard operating procedures (SoPs), or by using the [WASH4WORK self-assessment tool](#)).
- Engage with stakeholders representing your own workforce, workers in your value chain, and affected communities to gain a deeper understanding of the local WASH-related context.
- Include WASH indicators in your water-related risk assessment.*

* Public data sources include WWF [Water Risk Filter](#), WHO/UNICEF [Joint Monitoring Program \(JMP\) database](#).

4

Section 4

Accountability and
Due Diligence:
WASH and CSDDD

Corporate expectations and norms on due diligence already exist in established international frameworks. CSDDD makes them a legal requirement

Existing international frameworks and norms have established principles and good practice for responsible business conduct:

- The [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#) creates an expectation on companies to carry out human rights due diligence in operations and their value chains to identify, prevent, mitigate and remediate potential and actual adverse impacts. This implements the UN's 'Protect, Respect and Remedy' Framework, including for the human right to water and sanitation.
- The [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#), and the accompanying [OECD Due Diligence Guidance for Responsible Business Conduct](#), call on and support companies to carry out risk-based due diligence across key areas of business responsibility, including human rights, environment and labour rights.
- The [ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy \(MNE Declaration\)](#) provides direct guidance to companies on inclusive, responsible and sustainable workplace practices to realise decent work. It is founded on the principles found in the international labour standards.
- Through Principles 1, 2, 7 and 8 of the [UN Global Compact](#), companies commit to meeting fundamental responsibilities on human rights and the environment which are relevant to WASH.

CSDDD builds on these established principles and norms to uphold specified human and environmental rights conventions, many of which are related to WASH, and makes them a **legal requirement** for businesses.

Human Rights and Environmental Conventions Related to WASH in CSDDD

Under CSDDD companies must take **appropriate measures** to prevent and **mitigate potential adverse impacts**; and to **address actual adverse impacts** on human rights and the environment within their own operations and supply chains.

Annex 1 of CSDDD provides a full list of human rights and environmental conventions, prohibitions and obligations covered under CSDDD. Those related to WASH are shown here.

These conventions exist regardless of whether a company is in scope for CSDDD. The UN's 'Protect, Respect and Remedy' framework, the associated guidelines (including OECD guidelines) and their core principles and expectations constitute good corporate practice on human rights and environmental due diligence.

It is also important to remember that environmental impacts can lead to human rights impacts (**indirect WASH impacts**).

Human Rights and Environmental Conventions related to WASH in CSDDD

Human rights (Annex Part 1)

- The right to life (art 6(1) of International Covenant on Civil and Political Rights).
- Adequate housing, access to water and sanitation at the workplace (art 11 of International Covenant on Economic and Social and Cultural Rights).
- The right of the child to the highest attainable standard of health (art 24 Convention on the Rights of the Child).
- Causing measurable environmental degradation (including water pollution or excessive water consumption) that denies access to safe and clean drinking water or limits access to sanitary facilities.
- The right to land and resources- including waters.
- Other rights relating to human rights instruments listed in Annex 1.2.

Environmental Impacts (Annex Part 2)

- Several articles referring to prohibited chemicals or waste handling that can have a direct impact on water quality.
- Minimise adverse impact on wetlands.
- Prevent pollution from ships and 16. Other pollution to marine environment to be prevented.

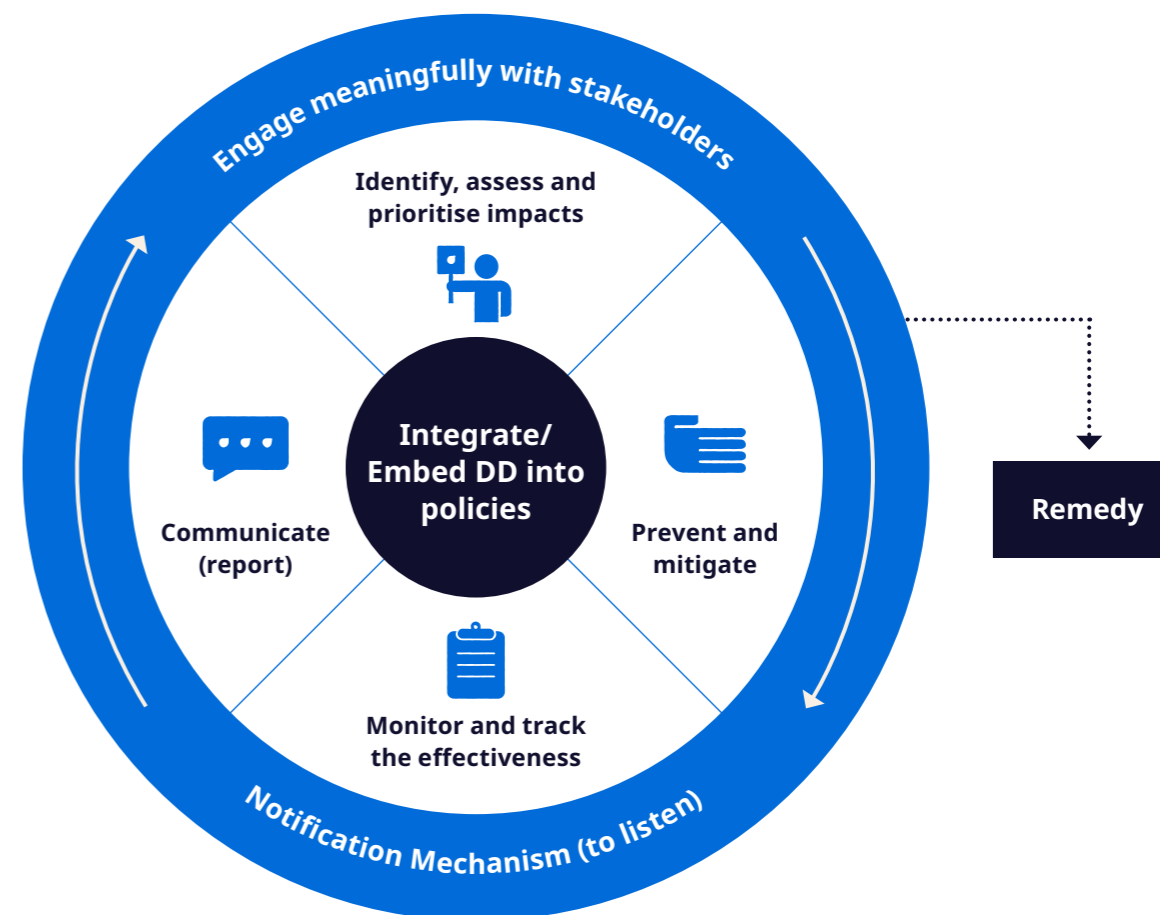
Note: Indirectly connected to WASH there is also an obligation for companies to adopt a climate transition plan in line with the Paris Agreement in article 22.

Companies are expected to conduct risk-based human rights and environmental due diligence

Good practice guidance for due diligence can be shown in the diagram. This process underpins CSDDD and is set out in established international frameworks/norms.

A key feature which is especially critical for WASH is **consistent and meaningful stakeholder engagement** throughout the process.

To fully understand its true risks or impacts related to WASH a company needs to consider contextualised perspectives from a range of stakeholders including suppliers and affected communities, not just rely on published (often nationally aggregated) datasets and information. Engaging experts may also be appropriate where data is limited.



Source: Adapted from Enact Sustainable Strategies, 2024.

Companies must take 'appropriate measures' to respond to actual or potential adverse impacts identified

The approach your company should take to address risks or impacts identified from risk-based due diligence involves identifying "appropriate measures" based on:

- your company's "level of involvement" in an adverse impact (see next page)
- the severity and likelihood of the impact
- what measures are reasonably available to your company



Action plan jointly developed with business partner



Investments in their operations



Contracts with shared responsibility



Improve business plan, purchasing practices



Collaborate with others to increase leverage



Engage affected stakeholders



Support to SMEs in their supply chain



Remediation (where the company has caused or jointly caused the harm)



Responsible disengagement (as a last resort)

Source: Adapted from Enact Sustainable Strategies, 2024.

Your company's approach to addressing WASH-related adverse impact will be driven by its involvement with the impact + risk

A company's involvement to an impact determines its expected approach to addressing it. CSDDD establishes liability when a company causes or jointly causes (contributes to) an adverse impact either by acting or failing to act. When a business partner is causing the impact, there is still expectation of due diligence best practice in line with established international frameworks that underpin the directive (e.g. OECD, UNGPs) using similar, but distinct, language.

Company Involvement and Approach

Cause or Jointly Cause

If you may be (seen to be) causing impacts yourself (cause) or jointly (Contribute to) with your subsidiaries or business partners – you are **liable** to cease or prevent the action contributing to the impact, use leverage to mitigate the risk that any other impact continues or recurs and remediate the impact.

Linked to

If you are not (seen to be) directly causing impact but are directly linked to (your business partner is causing) an impact – there is **expectation of responsible business conduct** in line with UNGP/ OECD frameworks, to use leverage and influence to prevent or mitigate the risk of the impact continuing or recurring to the greatest extent possible.

WASH Example

Cause: Your company directly causes health harms to local communities by discharging untreated wastewater from your factory into surface water that supplies local drinking water.

Jointly Cause: Your company knows that only 3 of 5 floors in your supplier's factory have drinking water stations and there is a severe heatwave. You increase your purchase order at short notice despite contractual terms, knowing this will increase workload, reduce workers' breaks to use water stations and strain worker health and safety.

Linkage: Your supplier, in breach of your supplier code of conduct and best due diligence efforts pollutes the water, and harms arise to surrounding worker communities relying on this water source.

Case study

WASH-related adverse impacts

Context

The Bluestone River basin houses an industrial cluster with production sites from the textiles, food & beverage, and pharmaceutical sectors. There is little regulatory enforcement in the region, and competition for water resources is high in the basin. Communities living along the river rely on its water for agriculture, drinking and sanitation needs.

Delta, a large food production company situated upstream of the Bluestone River is a key supplier to FoodCo, an EU-headquartered food brand, which is required to comply with CSDDD. Delta withdraws significant amounts of water from the river, which is treated at its onsite water treatment plant, for use in its products.

Delta's workforce is composed of 1000 low skilled employees. High-quality treated water for drinking is available, as well as 40 sanitation facilities (however there is no maintenance schedule or budget, meaning that some toilets are often out of service, and lack locks on cubicle doors).

Water quality tests performed by Delta show good water quality upstream of its site, and only a limited difference in pollution levels due to its activity. Wastewater is therefore rejected in the river without treatment. Water quality downstream of the basin is poor, and Delta provides treated drinking water to local communities during pollution peaks.

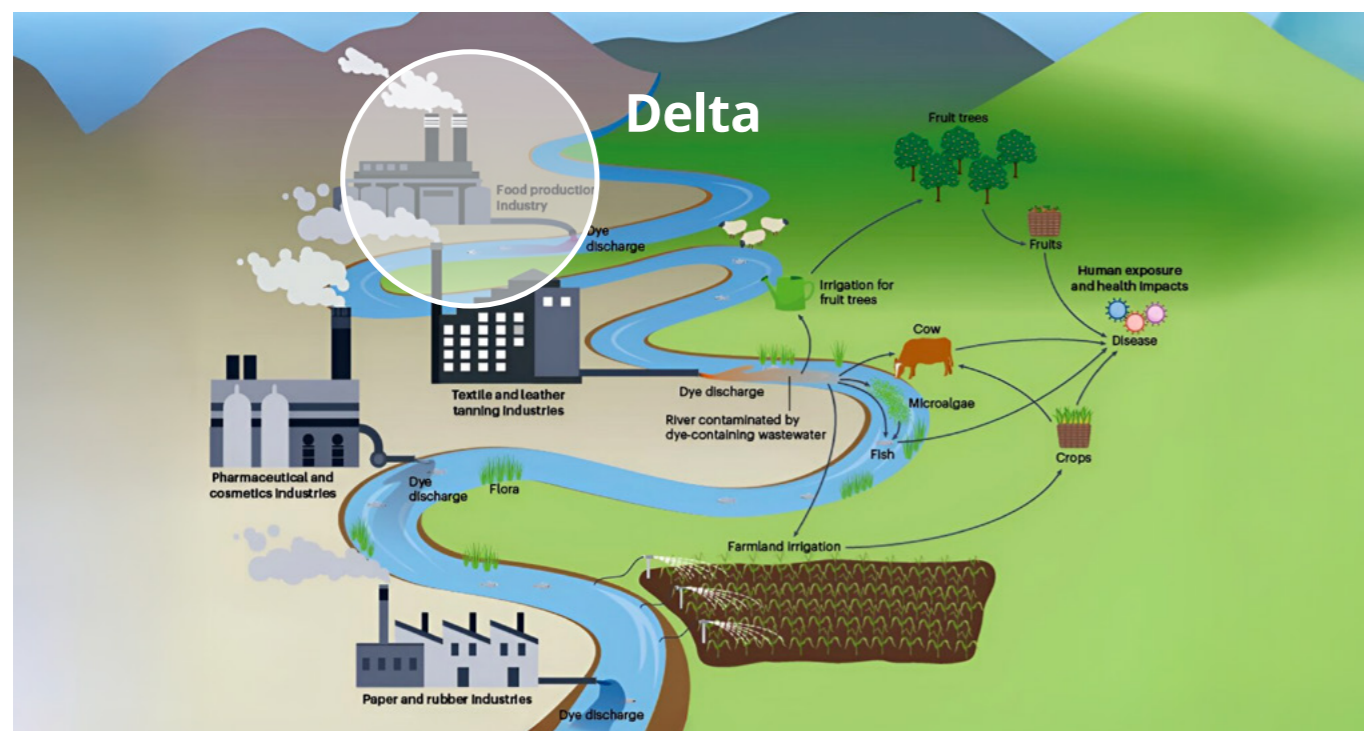


Image source: Lin, J., Ye, W., Xie, M. et al. Environmental impacts and remediation of dye-containing wastewater. Nat Rev Earth Environ 4, 785–803 (2023). <https://doi.org/10.1038/s43017-023-00489-8>.

Examples of WASH-related actual or potential adverse impacts FoodCo is linked to:

- **Large water withdrawals:** Delta's high water withdrawal and consumption exacerbates competition for water in the basin, potentially infringing on the local communities' access to water and sanitation. This could lead to a potential impact on the prohibition on causing environmental degradation that restricts access to water.
- **Insufficient sanitation facilities:** Delta provides only 40 sanitation facilities for 1,000 employees, amongst which many are often out of order, leading to inadequate access to sanitation, impacting workers' rights to water and sanitation at the workplace.
- **Gender inequality in sanitation:** Only 8/40 facilities are dedicated to women and provide menstrual health management facilities, while many do not have functioning locks on the cubicle doors. The lack of adequate and safe sanitation facilities for women in the factory disproportionately impacts women and violates women's equal treatment in the workplace.

These WASH-related actual or potential adverse impacts should be identified by FoodCo in its due diligence process and addressed through leverage with its business partner Delta.

FoodCo is potentially linked to further adverse impacts as "Delta" is jointly causing **adverse impacts on water quality**. Even if Delta discharges wastewater that is only of a slightly lower quality than the water it withdraws, the cumulative impact of Delta activities and the other sites in the basin leads to the river's water downstream being unfit for drinking purposes.



Rainwater harvesting at Fakir fashion Ltd. The intervention established sustainable water resource systems in Fakir Fashion Ltd. It has helped reduced the dependency on ground water. Narayanganj, Bangladesh. October 2021

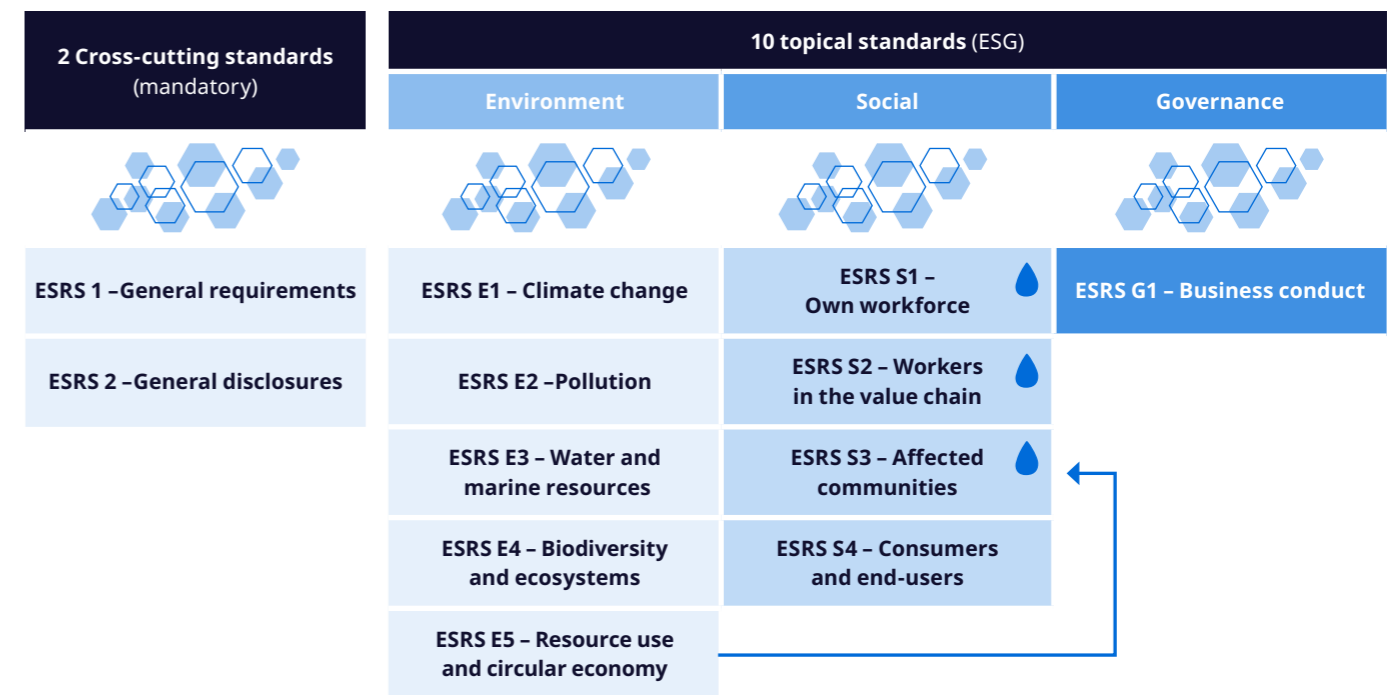
The implementation of a **broader water stewardship strategy** by Delta – looking **beyond its own operations and integrating meaningful stakeholder involvement and collective action** – would enable the company to identify, prevent and mitigate water-related risks related to cumulative impacts in the basin.

5

Section 5 Transparency and disclosure: WASH in CSRD

CSRD requires companies to disclose material ESG information in line with the ESRS

- CSRD (ESRS) builds off existing standards on sustainability reporting including **IFRS** and **ISSB**.
- This graphic shows the ESRS disclosures structure and where WASH fits.
- **WASH is embedded in the ESRS**, through both **implicit** and **explicit*** references, specifically in the **Social topical standards** for Own workforce (ESRS S1), Workers in the value chain (ESRS S2) and Affected communities (ESRS S3).
- In addition, the Social and Environmental topical standards mention **indirect** WASH related impacts; i.e. WASH impacts/risks stemming from environmental impacts.



 This symbol represents an explicit or implicit reference to WASH

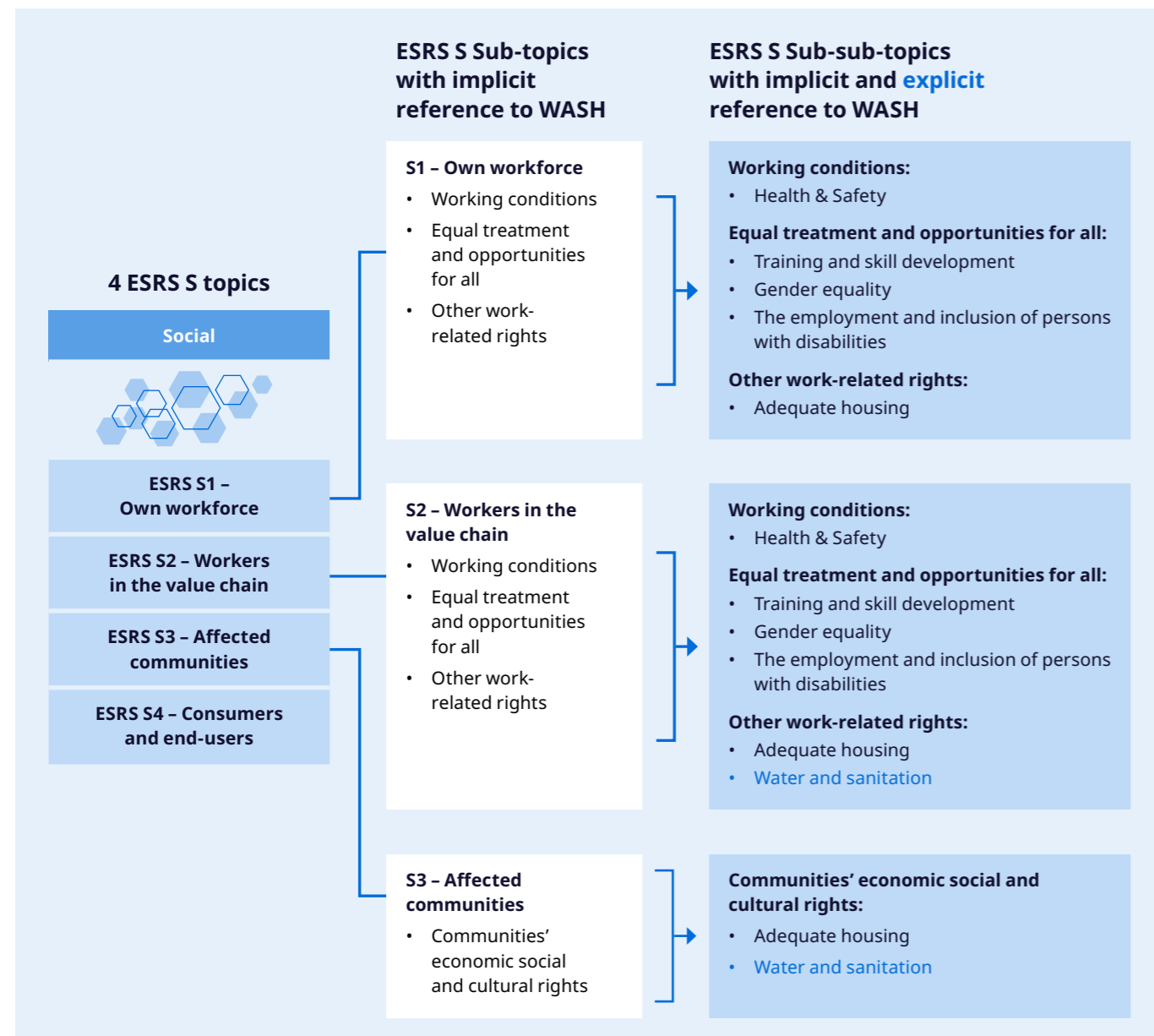
* **Implicit references** include sustainability topics that are inherently linked to WASH, even if not explicitly mentioned. **Explicit references** use WASH-related vocabulary, such as "Water and sanitation".

Indirect WASH related impact:
Impacts on communities may stem from environmental impacts disclosed under ESRS E1-E5.

WASH-related IROs should be reported under ESRS S3 - Affected communities.

How does WASH feature in ESRS?

Companies must report on their material negative and positive IROs, as well as their policies, actions and targets*, related to a list of Sustainability Topics provided in CSRD (see ESRS AR16). This list **explicitly includes “Water and sanitation”** as well as topics **implicitly related to WASH**:



CSRD also mentions that actual or potential impacts on affected communities may stem from environmental matters disclosed under ESRS E1 to E5. WASH is cited as an example in ESRS E3 Water and marine sources: The undertaking may negatively impact the **communities’ drinking water** when withdrawing water in water-stressed areas. Such impacts should be disclosed in S3 Affected Communities.

* Provided that the topics are deemed material.

The scope of reporting under CSRD is determined by a double materiality assessment (DMA)

CSRD requires companies to conduct a DMA to determine which IROs are ‘material’ for the company, the specific disclosures companies must make, and which topics companies need to have relevant policies, actions and targets for.

A DMA considers both impact materiality (impact of the business) and financial materiality (financial risks to the business), prioritising topics based on severity, (financial) magnitude and likelihood.

EFRAG guidance directs companies to assess all sustainability topics listed in AR16 for materiality but allows for companies to define and disclose their own DMA methodologies and set:

- Thresholds for materiality.
- Level of aggregation – WASH evaluation should be disaggregated to local or regional level.

A robust materiality assessment requires a good understanding of WASH and its connections to other sustainability topics to ensure WASH is appropriately evaluated during this stage of the reporting process.



Tea garden employees pluck tea at the Nagrifarm tea estate in Pokhriabong, Darjeeling, India. May 2022.

WASH-related IROs: Examples

Identifying WASH-related impacts, risks and opportunities requires a deep understanding of WASH and [the sustainability topics related to it](#). IROs can arise from topics implicitly or explicitly related to WASH and can also stem from environmental impacts.

The boxes on the right provide examples of IROs that a company may identify through a thorough materiality assessment.

Impacts (positive or negative)

Impact materiality

- Not providing sufficient clean water and sanitation facilities to own workforce (negative impact, explicit WASH link).
- Workers in the value chain are housed in buildings with inadequate drinking water or decent toilets (negative impact, implicit WASH link).
- Business partner degrades water quality to a stage that inhibits communities' supply of safe drinking water (negative impact stemming from environmental impact).
- Supporting business partners to improve gender equity by providing menstrual management facilities to female workers in the value chain (positive impact, implicit WASH link).

Risks and opportunities

Financial materiality

- Workers in the value chain don't have sufficient WASH services, leading to ill health and reduced productivity (implicit WASH risk).
- A drinks company uses water to make its products, while the surrounding community lacks clean drinking water, risking its extraction permit (explicit WASH risk).
- Providing sanitation facilities to local communities where workers in the value chain live can reduce the risks of water-borne diseases, improve productivity and reduce health-related costs* (explicit WASH opportunity).

*See WaterAid's [Boosting Business](#) study quantifying the ROI and business benefits of WASH investments in and around the workplace.

WASH can be material for your own workforce in the EU: Example

Under the CSRD (ESRS), "Water and sanitation" is not explicitly listed as a topic to include in the materiality for a company's own workforce ([see page 31](#)). Additionally, there is a common misconception that WASH is not relevant for companies' EU operations and supply chains.

However, to conduct a comprehensive materiality assessment that accurately identifies the IROs a company faces, "Water and sanitation," along with all topics indirectly associated with WASH, should be included. These topics may be material, as highlighted by this example:

Example: Limited Access to Drinking Water for Migrant Seasonal Agricultural Workers in Spain

Background

In Spain, migrant seasonal agricultural workers (MSAWs) living in informal settlements often lack reliable clean water for drinking, cooking, and hygiene. A recent study led by the Biomedical Research Institute of Lleida (IRBLleida) and the University of Lleida (UdL) highlighted the precarious water situation faced by these workers in regions like Andalusia and Murcia in Spain.

Accessibility to Water

Many MSAWs live in areas without basic amenities such as running water, sanitation, or electricity. Settlements, often located near farmlands, include shantytowns and abandoned buildings, lacking facilities for drinking water or hygiene. Workers frequently must rely on distant, often unsafe water sources, such as public taps or irrigation pools. Water sources can be as far as 8 kilometres from settlements. MSAWs frequently transport water by foot or bicycle in containers that include repurposed pesticide barrels, risking chemical contamination. Clean water is further complicated by restricted or inconvenient access to town water sources.

Source: <https://equityhealthj.biomedcentral.com/articles/10.1186/s12939-024-02112-8>.

Health Risks Due to Unsafe Water

Many workers use old phytosanitary containers to carry water, exposing themselves to toxic residues that can lead to severe health problems, including carcinogenic risks. Skin diseases and gastrointestinal issues are common among MSAWs who rely on unsafe sources and methods for water collection. Some local governments discourage water access for MSAWs by shutting down public fountains near settlements, aiming to prevent informal camps from establishing. This lack of essential infrastructure and policies that restrict water access force MSAWs into risky practices to meet their basic water needs.



Tap running at one of the newly built water points in Ha-Mangilasi, Vhembe district, Limpopo province, South Africa, June 2023.

WaterAid/Ernest Randriamalala

Good Practice for assessing WASH in your materiality/ double materiality assessment

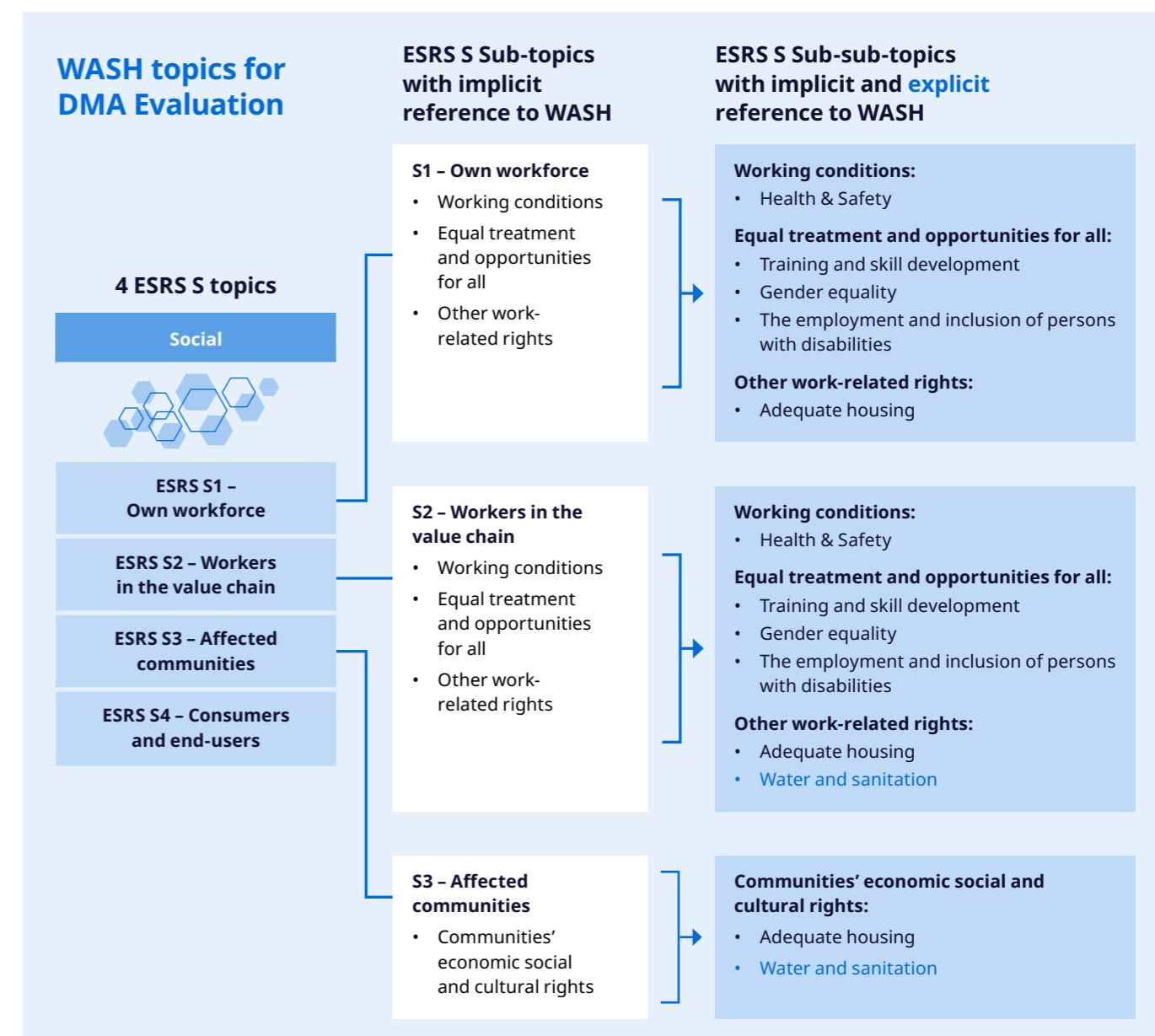
- Companies should consider both explicit and direct WASH IROs, alongside implicit WASH related IROs (e.g. health and safety), and indirect WASH IROs (stemming from environmental impacts).
- Materiality should be assessed at the sub-sub topic level. If this is not feasible, sub-sub topics should still be examined to identify IROs and potential hotspots.
- The outcomes of a company's due diligence assessment should inform their materiality assessment and vice versa to prevent overlooking any actual or potential WASH-related adverse impacts.
- Where adverse impacts exist in hotspots in the value chain, but do not meet the company's threshold of materiality at company level, effective due diligence should include mitigation, remedy and/or remediation, even if not reported on within CSRD.
- Companies should not just rely on global WASH datasets, instead conduct meaningful stakeholder engagement and leverage existing data in social audits, sector certifications etc. If appropriate data is not accessible, credible reports, information from experts or representatives from affected communities will be important.
- WASH implications for companies' own workforce should be assessed even if "Water and sanitation" is not a topic listed for a company's own workforce in ESRS.
- WASH indicators should be included in basin water risk assessment of companies' owned sites and supplier sites. In addition, companies should still look for WASH-related IROs even if water is not deemed a material topic.
- Companies must bridge silos between environmental and human rights teams, ensuring environmental impacts are evaluated through a human rights perspective.
- Internal awareness and capacity building of relevant teams (environment, human rights, procurement, legal, etc.) is critical to identify WASH-related actual or potential IROs.



Joyce Mwita is a farmer in Machochwe village, Serengeti, Tanzania. May 2022.

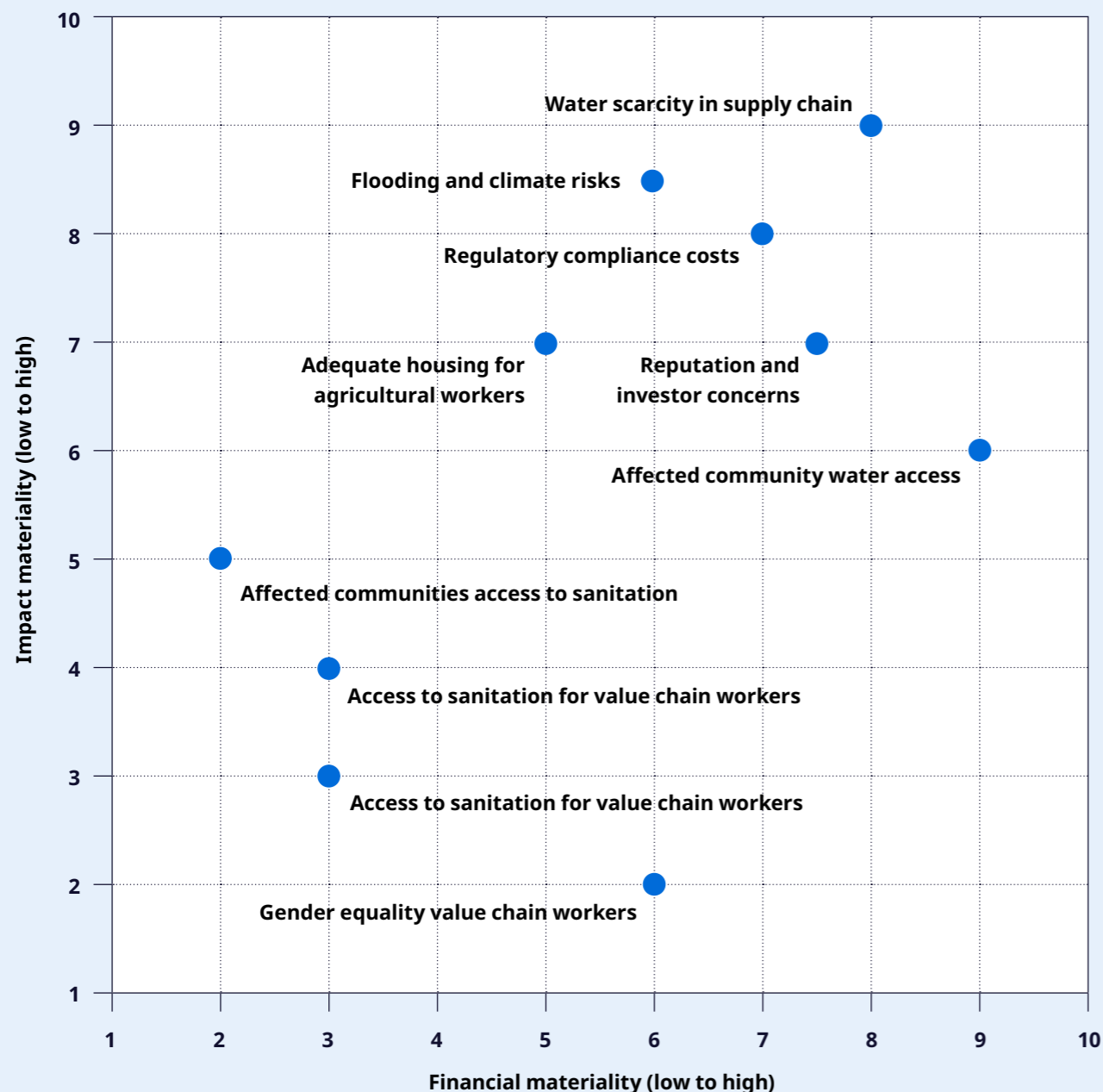
Assessing double materiality for WASH IROs': A two directional process

- 1 Assess double materiality of WASH IROs from the list of sustainability topics, sub-topics and sub-sub-topics. See example on the next page.
- 2 Cross-check WASH implications in DMA for E1, E2, and E3.



CSRD double materiality matrix – access to water and sanitation

EXAMPLE ONLY



Case study

WASH-related IROs

Context

The Bluestone River basin houses an industrial cluster with production sites from the textiles, food & beverage, and pharmaceutical sectors. There is little regulatory enforcement in the region, and competition for water resources is high in the basin. Communities living along the river rely on its water for agriculture, drinking and sanitation needs.

Delta, a large food production company situated upstream of the Bluestone River, is a key supplier to FoodCo, an EU-headquartered food brand, which is required to comply with CSDDD. Delta withdraws significant amounts of water from the river, which is treated at its onsite water treatment plant, before being incorporated into its products.

Delta's workforce is composed of 1000 unskilled employees. High-quality treated water for drinking is available, as well as 40 sanitation facilities (however there is no maintenance schedule or maintenance budget, meaning that some toilets are often out of service, lack functioning lighting or and/or locks on cubicle doors).

Water quality tests performed by Delta show good water quality upstream of its site, and only a limited difference in pollution levels due to its activity. Wastewater is therefore rejected in the river without treatment. Water quality downstream of the basin is poor, and Delta provides treated drinking water to local communities during pollution peaks.

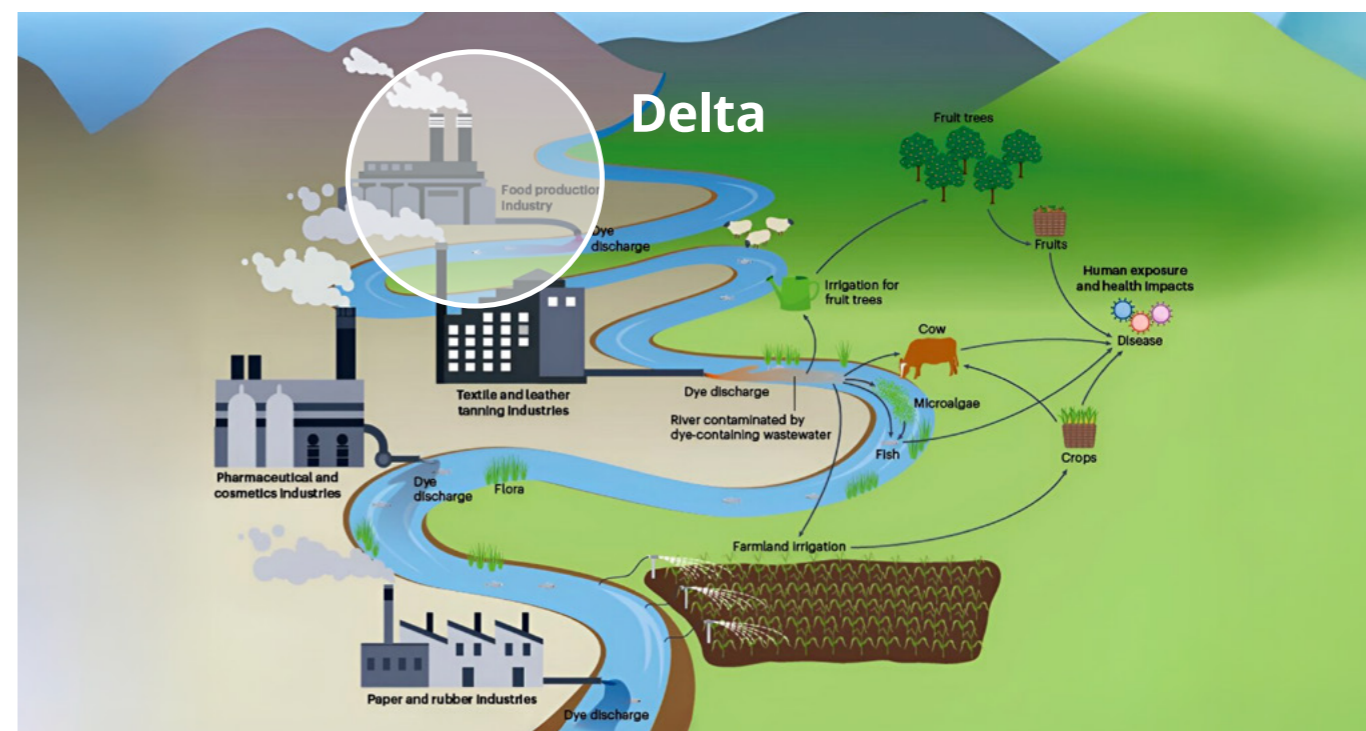


Image source: Lin, J., Ye, W., Xie, M. et al. Environmental impacts and remediation of dye-containing wastewater. Nat Rev Earth Environ 4, 785–803 (2023). <https://doi.org/10.1038/s43017-023-00489-8>

Example of WASH related IROs FoodCo should report under the relevant standards:

Stemming from human rights:

Under Workers in the value chain (ESRS S2):

- (I) Negative impact related to “Water and sanitation”: lack of sufficient access to clean sanitation facilities for Delta’s employees.
- (R) Risk related to “Water and sanitation”: lack of sufficient access to clean sanitation facilities for Delta’s employees, which may lead to health issues and subsequent absenteeism for workers, reducing productivity.
- (O) Opportunity related to “Gender equity”: providing Delta’s female employees with dedicated clean and safe sanitation facilities, including toilets with locks and menstrual hygiene management facilities, enabling the female part of the workforce to attend work during their periods, improving productivity.

Stemming from environmental impacts:

Under affected communities (ESRS S3):

- (I) Negative impact on water related to “Water withdrawal” and “Water consumption” (ESRS E3): leading to a negative impact on affected communities by reducing the water available for their drinking and sanitation purposes. And negative impact on water related to “Water quality” (ESRS E2; E3; E5): cumulative impact on water quality, leading to negative impact on affected communities by degrading the quality of their drinking water.
- (R) Reputational risk related to “Water withdrawals” and “Water consumption”: Delta could face reputational risks if communities in the Bluestone basin don’t have sufficient access to water for their needs, and this comes to public attention.
- (O) Investing in climate resilient irrigation systems, improving water efficiency and improving water access for both Delta and communities in the face of climate change.

Anicka, 21, pollinating vanilla flowers inside her vanilla plantation located on the slope of Ambatofemelle or lady mountain, Andrahanjo commune, Sambava district, SAVA region. Madagascar, October 2024.



In order to identify its WASH-related IROs, FoodCo needs to have a deep understanding of WASH and its different aspects, in particular when WASH-related IROs stem from topics implicitly related to WASH. To identify its IROs stemming from environmental impacts, FoodCo needs to ensure strong collaboration between its environment and human rights teams and look at its environmental hotspots through a human-rights lens.

As Delta relies on high quality water, and water availability and quality is an issue in the basin, Delta should act beyond its own operations to engage surrounding stakeholders in collective action to improve water quality in the basin.

CSRD (ESRS) reporting requirements on WASH

Reporting on WASH is entirely dependent upon the results of the materiality assessment.

If WASH-related disclosures are deemed material, they should be situated under the three relevant sections of the Social topical standards, ESRS S1 - Own workforce; ESRS S2 – Workers in the value chain and ESRS S3 - Affected communities (see page 27).

All ESRS standards have the same structure for reporting

General disclosures

An introductory section to disclose material impacts, risks and opportunities (IROs).

WASH-related material IROs

Impact, risk and opportunity management

If companies **have not adopted policies and/or actions** with reference to WASH, they shall disclose this to be the case, and provide reasons for it. Companies may disclose a timeframe in which they aim to adopt them.

WASH-related policies and actions

Metrics and targets

If companies **have not set targets** with reference to WASH, they shall disclose this to be the case, and provide reasons for it. Companies may disclose whether such targets will be set and the timeframe for setting them, or the reasons why the companies do not plan to set such targets. No WASH metrics are required.

WASH-related targets

CSRD (ESRS) reporting requirements on WASH

Reporting always depends upon materiality results

For Own workforce (ESRS S1):

- There are no explicit matters on “Water and sanitation” covered in the ESRS S1 Own Workforce.
- However, if WASH-related IROs are identified **related** to this standard, for instance in relation to the topics of “Health & safety” or “Gender equity” then the corresponding Disclosure Requirements such as IROs, policies, actions and targets shall be reported under this section.

For Workers in the value chain (ESRS S2):

- If “Water and Sanitation” is deemed **material**, or other implicit WASH-related IROs are identified related to this standard, for instance in relation to the topics of “Health & Safety”, “Gender Equality” or “Adequate Housing”, then the corresponding Disclosure Requirements such as IROs, policies, actions and targets shall be reported under this section.

For Affected communities (ESRS S3):

- If “Water and Sanitation” is deemed **material**, or other WASH-related IROs related to this standard, for instance in relation to the topic “Adequate Housing”, companies shall report the related IROs, policies, actions and targets.
- In addition, **environmental material impacts** reported under the environmental disclosures ESRS E1-E5 **can affect communities**. If a company identifies material WASH-related IROs stemming from environmental matters, it shall report these IROs and their related policies, actions and targets under this section (S3).

Furthermore, for each of the social topical standards, in addition to the Disclosure Requirements on WASH-related IROs, policies, **actions and targets, companies shall report on more generic Disclosure Requirements** such as:

- Interest and views of stakeholders (DRS1-1, DR S2-1, DR S3-1)
- Processes for engaging own workforce/workers in the value chain/affected communities about impacts (DR S1-2, DRS2-2; DR S3-2)
- Process to remediate negative impacts and channels for own workforce/value chain workers/affected communities to raise concerns (DR S1-3;S2-3;S3-3).

Entity specific metric on WASH

As of today, there are no metric requirements for WASH-related topics in CSRD (ESRS). However, companies shall disclose entity specific metrics related to WASH, if they consider that the material matter is not covered with enough granularity under ESRS. When doing so, companies should ensure that the metrics meet the qualitative characteristics of information set out by ESRS, and that:

1

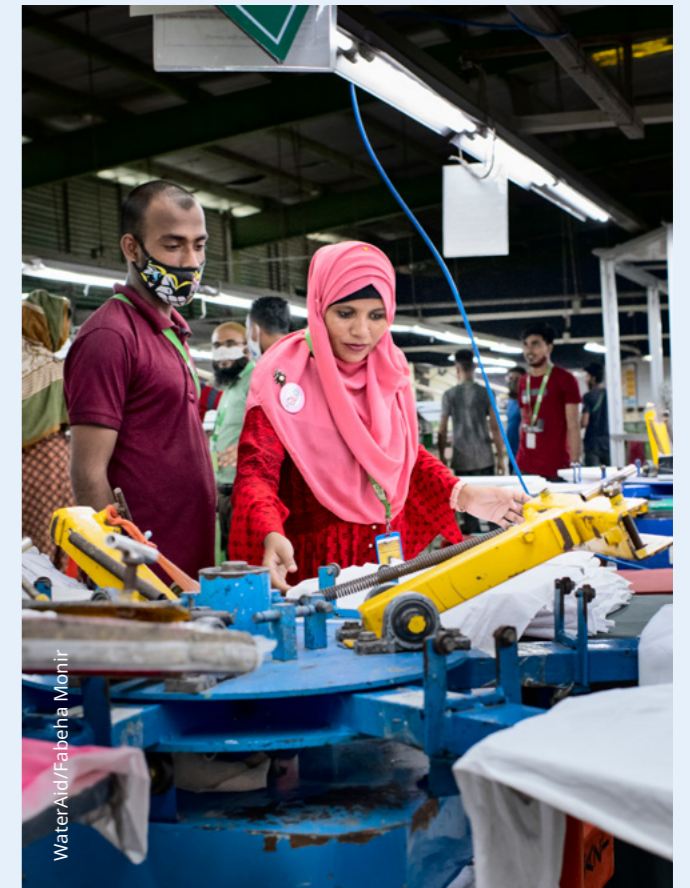
The chosen performance metric should provide insight into how effective the practices are in reducing negative outcomes and/or increasing positive outcomes for people and the environment (for impacts); and/or the likelihood that its practices result in financial effects on the company (for risks and opportunities).

2

The measured outcomes need to be **sufficiently reliable**, meaning that they do not involve an excessive number of assumptions and unknowns that would render the metrics too arbitrary to provide a faithful representation.

3

The company has provided **sufficient contextual information to interpret performance metrics appropriately**, and whether variations in such contextual information may impact the comparability of the metrics over time.



WaterAid/Fabeha Monir

Supervisor Minara Akter on duty inside the factory. Minara, who will go for pregnancy leave soon, emphasised how training session on hygiene and WASH facilities has helped pregnant employee like her and others. Narayanganj, Bangladesh. October 2021.

From materiality to reporting: targets, actions and metrics

	What to aim for (targets)	What to do (actions)	How to measure progress (metrics)
	<p>WASH targets should:</p> <ul style="list-style-type: none"> Respect human rights agenda, i.e. recognise the human right to water and sanitation. Be contextual and prioritise – act where it matters the most, i.e. based on severity and likelihood of WASH risks. Be ambitious and verifiable. 	<p>Own operations</p> <ul style="list-style-type: none"> Ensure that WASH in the workplace requirements are integrated into internal policies (e.g. human resources, health and safety, etc.), monitoring mechanisms, and that any gaps are addressed. Conduct site-level WASH self-assessments and/or integrate WASH in water risk assessments or worker surveys. Engage experts (e.g. NGOs) to guide action planning and strengthen WASH due diligence. Where WASH access is inadequate, the site needs to engage with local communities to address gaps on WASH access. <p>Business partners (e.g. suppliers)</p> <ul style="list-style-type: none"> Integrate WASH requirements into supplier codes of conduct. Ask suppliers to do WASH at the workplace self-assessment and/or integrate WASH adequately into existing workplace/worker assessments. Jointly develop action plans with suppliers. Local NGOs may support the design and implementation of these. Work with others, including businesses, expert NGOs and governments, to close gaps through multisector initiatives, working groups or collective action initiatives. Improve business planning and purchasing practices and/or support WASH investments. 	<p>CSRD does not outline specific metrics requirements on WASH. Below are a few example metrics for inspiration:</p> <ul style="list-style-type: none"> Number of sites compliant with WASH at workplace requirements. Number of suppliers conducted WASH at workplace assessment. Number of people reached through improved WASH access. Number of workers reporting adequate WASH access in the workplace, worker accommodation, and/or surrounding worker communities.
Key guidance	Setting Enterprise Water Targets (2021)	WASH4Work self-assessment tool (2014) Guidance for Companies on Respecting the Human Rights to Water & Sanitation (2015)	WASH Benefits Accounting Framework (2024), WASH impact Valuation Framework (WIFV)
Cross-cutting guidance	UN Guiding Principles on Business and Human Rights (2011), OECD Due Diligence Guidance for Responsible Business Conduct		



Section 6 Towards action

Key takeaways

- **If WASH is where the environmental and social meet. It is embedded in the CSRD and CSDDD explicitly and implicitly.** Ensure relevant environmental, social and operational teams understand and can identify potential WASH risks/impacts.
- Emerging regulation is placing greater responsibility on companies for WASH impacts. To identify and address (often overlooked) WASH IROs, it is critical to integrate a **WASH lens into due diligence processes.**
- The scope of the directives drive focus into supply chains and affected communities, to the areas of greatest need and business risk/impact. **Due diligence may reveal hotspots of WASH risks/impacts, even where WASH is not deemed material for CSRD. These should be addressed quickly irrespective of CSRD reporting criteria.**
- **Due diligence processes should always underpin and inform reporting and double materiality assessments,** irrespective of whether a company is in scope for CSDDD. Companies in scope of CSDDD can unlock efficiency gains from looking at the directives in parallel.
- **Meaningful stakeholder engagement** in the value chain, alongside expert consultation and accessible and credible reports, is a critical component of due diligence and materiality assessments, particularly when obtaining local, publicly available WASH data is difficult.
- Reporting and due diligence processes should be **leveraged beyond compliance to drive business resilience, strategic sustainability action, and positive impact.** It is an opportunity to strengthen and showcase a company's sustainability strategy and governance, and advance much-needed progress towards tackling the WASH crisis.



Shri Ram works at the Superhouse tannery and says after getting handwashing facilities and drinking water his health has improved and he is now able to work more and falls ill less often as compared to previous times. Unnao, Uttar Pradesh, India. April 2022

WaterAid/Amindito Mukherjee

How can WaterAid support?

As an organisation of WASH experts with presence in 22 countries, WaterAid can support companies to:



Understand local contexts and identify data

For materiality assessments and reporting, and to enhance organisational understanding of potential WASH IROs



Address WASH impacts/risks

By designing and delivering interventions to address your WASH-related risks/impacts



Leverage compliance to achieve ambitious impact

To build business resilience and progress towards SDG 6.



Ensure meaningful stakeholder engagement

Leverage our expertise, networks and relationships with key stakeholders to support meaningful stakeholder engagement in value chains



Build multistakeholder initiatives with (in)direct business partners

That can create support and leverage to address adverse impacts.

WaterAid has one goal:

To change the world through
clean water, decent toilets
and good hygiene.

Funded by:

