

Regional Economic Communities and corporate water accountability: an ESG perspective

Jebby Romanus Gonza*

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A. Introduction

In a historical context, multiple examples highlight the catastrophic consequences that can be caused by corporate water unaccountability: The Bhopal disaster in 1989 marked a peak in corporate negligence when Union Carbide’s gas leak resulted in over 15,000 deaths and long-lasting soil and groundwater contamination.¹ In the 1993 Hinkley groundwater contamination, Pacific Gas and Electric Company used hexavalent chromium, a toxic chemical linked to cancer, at its gas compressor station, contaminating groundwater for 30 years.² In 2011, Chevron-Texaco Petroleum was accused of dumping billions of gallons of crude oil and toxic wastewater into the

* Dr. Jebby Romanus Gonza is a Legal Officer at the Office of the Secretary to the Council of the University of Dodoma, Tanzania. She has conducted Postdoctoral research in aspects of International Environmental Law and has completed a PhD in Public International Law (Regional Economic Integration Law) at the University of Bayreuth.

1 Broughton Edward, ‘The Bhopal Disaster and its Aftermath: A Review’ (2005), 4 Environmental Health No. 6, p. 1.

2 San Bernardino County Superior Court, Barstow Division, 18 March 1993 – No. A055529 – *Anderson and Others v Pacific Gas & Electric Co.*

Amazon rainforest during oil operations in Ecuador from 1964 to 1992.³ Furthermore, in 2021, Shell Petroleum Development Company was sued before a Dutch Court and the United Kingdom (UK) Supreme Court for oil extraction in the Niger Delta that caused extensive water and soil pollution.⁴

All of these scandals reveal a common challenge for the law. Particularly, international law falls short of providing a binding legal framework that regulates the activities of corporations—including corporate water accountability.⁵ At the international level, mechanisms are inadequate to ensure that corporations prevent human rights violations and environmental abuses in their business.⁶ While there remains hesitation in recognizing that corporations have direct duties or even legal personality under international law,⁷ they are generally regarded as significant actors in pursuing the Sustainable Development Goals (SDGs).

Specific to this context, SDG 6 (Ensure the Availability and Sustainable Management of Water and Sanitation) calls upon all states and stakeholders, including corporations.⁸ It encompasses a broader responsibility, not just guaranteeing universal access to safe and affordable drinking water and sanitation, but also to protect and preserve freshwater resources and ecosystems.⁹ Corporations contribute to water scarcity by depleting water sources through excessive use in various business and economic activities. These include agriculture, industrial processes, mining, oil extraction, power generation, and the spread of industrial pollution. If not properly managed, these activities can lead to pollution and damage to water sources, ultimately impacting human health and the environment. Additionally, corporate actions contribute to climate change, which worsens water scarcity.

3 Permanent Court of Arbitration, PCA Case No. 2009-23 – *Chevron Corporation and Texaco Petroleum Corporation v. Ecuador (II)*.

4 UK Supreme Court, 12 February 2021 – UKSC/2018/0068 – *Okpabi and others v Royal Dutch Shell Plc and another*.

5 Eghosa Ekhatior, 'Multinational Corporations, Accountability and Environmental Justice: The Move towards Sub-Regional Litigation in Africa' (2022), 121(2) *ZVgIRWiss*, p. 118.

6 Ross Fitzpatrick, 'Making Corporate Accountability Mandatory in the EU' (12 March 2022), <https://www.iiea.com/images/uploads/resources/Making-Corporate-Accountability-Mandatory-In-The-EU.pdf> (last accessed: 18 September 2025), p. 3.

7 Ekhatior (2022), p.118.

8 United Nations General Assembly, *Transforming our World: The 2030 Agenda for Sustainable Development*, 25 September 2015, A/RES/70/1.

9 *Ibid.*

ty by increasing drought conditions. Yet, the traditional approach in international law regarding corporations' sustainability measures, including corporate water accountability, relies on soft law and voluntary corporate accountability mechanisms.¹⁰

This chapter argues that Regional Economic Communities (RECs) play a vital role in ensuring their member states not only meet targets under SDG 6 but also establish strong, binding mechanisms for corporate water accountability. Within the scope of this chapter, RECs refer to the cooperation of states established within a specific geographic region, supported through trade agreements aimed at reducing interstate and trade barriers. This chapter suggests that since RECs can regulate legal frameworks related to common markets, they can ensure that corporations are accountable for their water governance in their operations and supply chains by controlling access to the shared market.

On this basis, this chapter examines corporate water accountability as a crucial aspect of sustainability, particularly in Environmental, Social, and Governance (ESG) regulations and regional economic integration. It adopts a comparative legal approach across different RECs to evaluate how they have integrated water stewardship into their legal frameworks. The chapter will assess the regulatory approaches of key regions to determine the extent to which corporate entities are held accountable for their water usage, pollution, and environmental preservation efforts: the European Union, Association of Southeast Asian Nations, and East African Community. It highlights the legal obligations, reporting requirements, and enforcement mechanisms within the RECs while identifying best practices and gaps in current regulatory frameworks.

This chapter contextualizes the central theme of the study by recognizing water as a vital aspect of human life and dignity (B.). It highlights the importance of incorporating corporations into the sustainable development governance framework and provides justifications for corporate accountability in sustainability (ESG) aspects (C.). The Chapter highlights the significant role of RECs in sustainable development, particularly how RECs have established regulatory approaches that ensure corporate water

10 See, for instance, United Nations, Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect, and Remedy' Framework, 2011, A/HRC/17/31; OECD, 'Guidelines for Multinational Enterprises on Responsible Business Conduct' (2023), <https://doi.org/10.1787/81f92357-en> (last accessed: 18 September 2025).

accountability through ESG frameworks (D.), followed by a conclusion (E.).

B. Water security as a significant prerequisite to human life, dignity, and sustainable development

I. Recognition of the right to water

The current epoch has witnessed the concept of water security emerge as a prominent aspect of human well-being. Notably, water is recognized as indispensable for leading a life with human dignity.¹¹ It has been confirmed as a human right, providing for the entitlement to ‘sufficient, safe, acceptable, physically accessible, and affordable water for personal and domestic use’.¹² Since 1976, the right to water has been regarded as implicit within the provisions of certain international covenants.¹³ In July 2010, the United Nations General Assembly confirmed, under Resolution 64/292,¹⁴ followed by the Human Rights Council Resolution 15/9 in September 2010,¹⁵ that the right to water is a fundamental human right.

The right to water is considered closely linked and essential for achieving the right to an adequate standard of living, which encompasses the rights to food, the highest attainable standard of physical and mental health, the right to life, and human dignity. Although obligations related to the right to water and sanitation are subject to progressive realization due to resource limitations, many constitutions in both developing and developed countries recognize these rights as fundamental.¹⁶

11 UN Committee on Economic, Social and Cultural Rights (CESCR), ‘General Comment No 15: The Right to Water (Art.11 and 12 of the International Covenant on Economic, Social and Cultural Rights)’, 20 January 2003, UN Doc E/C.12/2002/11, para 1.

12 *Ibid.*, para. 2.

13 Chiara Macchi, ‘Right to Water and the Threat of Business: Corporate Accountability and the State’s Duty to Protect’ (2017), 35 *Nordic Journal of Human Rights*, p. 186.

14 United Nations General Assembly, Resolution 64/292: The Human Right to Water and Sanitation, 28 July 2010, A/RES/64/292.

15 UN Human Rights Council, Resolution 15/9: Human rights and access to safe drinking water and sanitation, 6 October 2010, A/HRC/RES/15/9.

16 Constitution of the Republic of South Africa, 1996, s 27; Constitution of the Republic of Uganda, 1995, art 14; Constitution of Kenya, 2010, art 43(1)(d); Constitution of the Federal Democratic Republic of Ethiopia, 1995, art 90; Constitution of the Republic

Comment 15 by the UN Committee on Economic, Social and Cultural Rights (CESCR) emphasizes the interconnectedness between the right to water and sustainability.¹⁷ Accordingly, the normative elements of the right to water require that it must be adequate for human dignity, life, and health. Similarly, water must be physically and economically accessible and of a safe quality.¹⁸ Comment 15 advocates for a sustainable approach to securing the right to water, ensuring that both current and future generations can benefit from it.

Yet, international law imposes upon states—and not corporations—the obligations to respect, protect, and fulfil the right to water. But, states are accountable, under the responsibility to protect, for failing to prevent third parties—individuals, groups, corporations, and other entities/agents acting under their authority—from interfering with the enjoyment of the right to water.¹⁹ For instance, states have an obligation to adopt the necessary and effective legislative and other measures that restrain third parties, including corporations, from polluting water sources and denying or limiting access to adequate water.²⁰ Similarly, an extraterritorial reach of the right to water requires states, their citizens, or corporations to refrain from actions that interfere, directly or indirectly, with the enjoyment of the right in other countries.²¹ According to Article 2(2)(b) of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes 1992 states must ensure that transboundary waters are used reasonably and equitably and avoid activities that may cause a transboundary impact.²²

of Guatemala, 1996, art 127; Constitution of the Republic of Panama, 2004, art 114; Constitution of the Kingdom of Thailand, 2015, s 15; Constitution of the Plurinational State of Bolivia, 2009, art 16(1); Constitution of Nepal, 2015, art 35(4); California Water Code § 106.3 (2012).

17 UN Committee on Economic, Social and Cultural Rights (CESCR), General Comment No 15: The Right to Water (Art.11 and 12 of the International Covenant on Economic, Social and Cultural Rights), 20 January 2003, UN Doc E/C.12/2002/11, paras. 10 et seqq.

18 *Ibid.*, para. 12.

19 *Ibid.*, para. 23.

20 *Ibid.*, paras. 49 et seq.

21 *Ibid.*, para. 31.

22 UN Economic Commission for Europe, Convention on the Protection and Use of Transboundary Watercourses and International Lakes, 6 October 1996, 1936 UNTS 269: Art.1 defines transboundary impact to mean ‘any significant adverse effect on the environment resulting from a change in the conditions of transboundary waters caused by a human activity (...)’. Also see the UNGA, Convention on the Law of the Non-Navigational Uses of International Watercourses, 17 August 2014, 36 ILM 700.

Within the context of sustainability, there has been a call for state parties to adopt comprehensive and integrated strategies to ensure sufficient and safe water for both present and future generations. This leads to an examination of the international community's efforts to achieve sustainable access to safe drinking water and sanitation for the global population.

II. Sustainable development and water

Ensuring access to safe water and sanitation remains one of the most fundamental goals pursued by the international community and the United Nations. Since 1977, particularly with the adoption of the Mar del Plata Plan of Action, there has been a growing emphasis on the need to ensure the orderly management of water resources for economic and social development.²³ Further emphasis on safeguarding water resources from pollution and ensuring sufficient supplies of high-quality water is placed by Chapter 18 of the Agenda 21, which builds upon the Rio Declaration of 1992.²⁴ Under Goal 7 of the Millennium Development Goals, the world's countries committed to ensuring environmental sustainability. Target 7.C required nations to 'halve, by 2015, the proportion of the population without sustainable access to safe drinking water and sanitation.'²⁵ While the 2012 statistics proudly reported reaching the target by increasing access to safe drinking water by 90 % compared to 76 % in 1990 globally, progress toward achieving better basic sanitation was regarded as slow.²⁶ Ensuring the availability and sustainable management of water and sanitation for all (SDG 6) is among the 17 Sustainable Development Goals (SDGs), which were adopted

23 UN Economic and Social Council, United Nations Water Conference, Mar del Plata Action Plan: United Nations Water Conference, 25 March 1977, E/CONF.70/29.C.

24 United Nations, 'Agenda 21: Programme of Action for Sustainable Development' (14 June 1992), <https://sustainabledevelopment.un.org/content/documents/Agenda21.pdf> (last accessed: 18 September 2025), chapter 18.

25 United Nations General Assembly, United Nations Millennium Declaration, 8 September 2000, A/RES/55/2. Also see United Nations Department of Public Information, Johannesburg Declaration on Sustainable Development and Plan of Implementation of the World Summit on Sustainable Development, 4 September 2002, A/Conf.199/20: which reaffirms Target 7.C of the Millennium Declaration.

26 World Health Organization and United Nations Children's Fund (UNICEF), 'Progress on Drinking Water and Sanitation: 2014 Update', https://iris.who.int/bitstream/handle/10665/112727/9789241507240_eng.pdf (last accessed: 18 September 2025), p. 25.

in September 2015 by the United Nations General Assembly under the 2030 Agenda for Sustainable Development.²⁷

However, statistics demonstrate that making progress in access to water and sanitation for the global population under SDG 6 is still challenging. It is estimated that by 2030, approximately 2 billion people will still lack access to safely managed drinking water, 3 billion will be without safely managed sanitation, and 1.4 billion will be without basic hygiene services.²⁸ The United Nations Sustainable Development Report 2024 stipulates that ‘in 2022, about 2.2 billion people still lacked safely managed drinking water, 3.5 billion went without safely managed sanitation (including 419 million who practiced open defecation), and 2 billion still had inadequate basic hygiene services (including 653 million with no facilities at all)’.²⁹

The failure to achieve the six targets under Goal 6 of the 2030 Agenda for Sustainable Development is attributed to several factors. Specifically, just to list a few, climate-influenced changes that alter precipitation rates in the water cycles, the inability to meet funding costs for infrastructure and critical water projects (specifically in the Global South), poor water governance policies by governments including lack of coherence and collaboration among governments and private actors, degradation of water quality due to unsafe discharges and poor waste water treatment, and economic activities that result in polluting freshwater resources.³⁰ Regrettably, the failure to achieve SDG 6 frustrates the achievement of most goals of the 2030 Agenda for Sustainable Development. SDG 6 seems to be at the fulcrum—in a causal nexus manner—of achieving other goals of sustainable development and targets, such as poverty reduction (SDG 1), food security (SDG 2), health (SDG 3), energy (SDG 7), industry (SDG 9), sustainable cities (SDG 11), climate (SDG 13), and responsible consumption and production (SDG 12).

27 United Nations General Assembly, *Transforming our World: The 2030 Agenda for Sustainable Development*, 25 September 2015, A/RES/70/1, p. 18: Targets 6.1 – 6.6.

28 United Nations Department of Economic and Social Affairs, ‘The Sustainable Development Goals Report 2024’ (June 2024), <https://doi.org/10.18356/9789213589755> (last accessed: 18 September 2025), pp. 20 et seq.

29 *Ibid.*

30 Jaivime Evaristo/Yusuf Jameel/Cecilia Tortajada/Raymond Yu Wang/James Horne/Howard Neukrug/Carlos Primo David/Angela Maria Fasnacht/Alan D. Ziegler/Asit Biswas, ‘Water woes: the institutional challenges in achieving SDG 6’ (2023), 6 *Sustainability Earth Reviews* No. 13.

Certainly, achieving the targets³¹ set by SDG 6 is impossible without effective water governance policies—including the deployment of smart technology in water management and service delivery, increasing the efficiency of existing financing resources, and developing new financing paradigms.³² Most importantly, multisector partnerships and cooperations are vital for unlocking potential. This way, actors at the national, regional, and global levels—the public sector, private sectors such as civil society organizations, and academia—can align and optimize resources to unlock the potential for achieving SDG 6.³³ Certainly, the successful achievement of SDG 6 requires integrating corporations into the sustainable development framework, as corporations are vital players in the global economy.

C. Corporations and sustainable water governance

I. Corporations as stewards of water sustainability

Corporations have been recognized since the 1940s as major players in the global economy due to their ability to utilize factors of production and achieve economic efficiency. However, corporations' endeavours to dominate the world economy tend to affect natural resources, including water resources, and cause environmental damage to a greater number of countries. In light of the foregoing, corporations are recognized as key actors that can contribute to achieving the SDGs, including those related to water sustainability.

The Preamble to the Stockholm Declaration of 1972 emphasizes the necessity for corporations to accept the responsibility of defending and

31 The six targets of SDG 6 advocate for achieving universal and equitable access to safe and affordable drinking water, sanitation, and hygiene for all, and end open defecation, taking into consideration the needs of women and girls and the vulnerable; improve water quality and safety by reducing pollution, and curtailing the release of hazardous chemicals, and increasing treatment of wastewater, recycling, and re-use; protection and restoration of water-related ecosystems.

32 United Nations, Sustainable Development Goal 6: Synthesis Report 2018 on Water and Sanitation (July 2018), https://www.unwater.org/sites/default/files/app/uploads/2018/12/SDG6_SynthesisReport2018_WaterandSanitation_04122018.pdf (last accessed: 18 September 2025), p. 181.

33 *Ibid.*

improving the environment for present and future generations.³⁴ From the foregoing, it is possible to infer that corporations are required to be responsible by incorporating environmental concerns into their decision-making processes, including paying due regard to the intergenerational principle—the needs of water by future generations.

Chapter 30 of the Agenda 21, regarding ‘strengthening the role of business and industry’, is one of the most substantial soft laws, stipulating corporate responsibility in the area of sustainable development by the UN General Assembly.³⁵ Accordingly, the policies and operations of businesses and industries, including transnational corporations, are encouraged to play a significant role in mitigating their impacts on resource use and the environment.³⁶ The Chapter 30 introduces the concept of corporate responsibility and ‘responsible care’ by emphasizing the need for (transnational) corporations to recognize environmental management as a priority and a key determinant of sustainable development.³⁷ One may regard corporate accountability in water management as emphasised by Chapter 30, when it encourages the provision of annual reports on environmental records, particularly the use of energy and natural resources.³⁸ Regarding health and sustainable development, the World Summit on Sustainable Development, held in Johannesburg in 2002,³⁹ highlights the importance of corporations participating in public-private multisector partnerships to secure international funding and technologies for safe water, sanitation, and waste management in rural and urban areas of developing countries and transition economies.

The 2030 Agenda for Sustainable Development explicitly encourages private businesses to contribute to achieving the SDGs by using their creativity and innovation to solve sustainable development challenges.⁴⁰ SDG 6 does

34 United Nations, Report of the United Nations Conference on the Human Environment, 1973, A/CONF.48/14/Rev.1, p. 3.

35 Elisa Morgera, *Corporate Environmental Accountability in International Law*, 2nd ed. (2020), p. 9.

36 United Nations, Agenda 21: UN Conference on Environment and Development, 12 August 1992, A/CONF.151/26, para 30.2.

37 *Ibid*, para. 30.3.

38 *Ibid*, para. 30.10.

39 United Nations Department of Public Information, Johannesburg Declaration on Sustainable Development and Plan of Implementation of the World Summit on Sustainable Development, 4 September 2002, A/Conf.199/20, p. 32.

40 See United Nations General Assembly, *Transforming our World: The 2030 Agenda for Sustainable Development*, 25 September 2015, A/RES/70/1, para 67.

not explicitly define the role of corporations or the private sector. However, the importance of corporations can be inferred from the various targets. For instance, Target 6.4 can be interpreted as highlighting the adoption of water-efficient processes by corporations, especially in agriculture and manufacturing, to enhance water use efficiency.

II. Integrating Sustainability Practices in Corporate Water Governance

The traditional view of corporate purpose is seen to focus on maximizing the company's value by considering the interests of its shareholders. Corporate water governance is regarded as a comprehensive framework and process for decision-making and implementing policies related to the use and management of water resources.⁴¹ Accountability is considered one of the key attributes of water governance, as it aims to ensure that the entity responsible for water services and resources is answerable to its stakeholders for its actions and omissions.⁴² The United Nations Framework on Business and Human Rights, 2011, identifies essential principles for fulfilling corporate accountability.⁴³ It regards business enterprises as 'specialized organs of society' with the responsibility (i) to respect all human rights and avoid causing or contributing to adverse human rights impacts through their activities; (ii) to establish policies and processes that embed the corporates' responsibility to protect; (iii) conduct human rights due diligence to identify, prevent, mitigate, and address their adverse human rights impacts; (iv) communicate how they handle these impacts; and (v) cooperate in the remediation process through legitimate means if they have caused or contributed to adverse impacts.⁴⁴ This framework does not create a direct legal obligation for corporations under international law; yet, it provides a basis for public and governments to regulate corporations' impacts on water resource allocation decisions.

41 James Hazelton, 'Developments in Corporate Water Accounting and Accountability', in David Crowther/Muhammad Azizul Islam (eds.), *Modern Organisational Governance* (2015), pp. 28, 30.

42 Alejandro Jiménez/Panchali Saikia/Ricard Giné/Pilar Avello/James Leten/Birgitta Liss Lymer/Kerry Schneider/Robin Ward, 'Unpacking Water Governance: A Framework for Practitioners' (2020), 12 *Water* No. 827, p. 12.

43 United Nations, *Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect, and Remedy' Framework*, 2011, A/HRC/17/31.

44 *Ibid.*, pp. 1, 13–26.

A new approach to corporate governance highlights the importance of considering all stakeholders. Consistent with the three pillars of sustainable development—environmental protection, social development, and economic development—integrating sustainability into corporate governance involves monitoring the company’s financial performance, as well as its commitment to advancing ESG factors in investment decisions. Incorporating ESG factors into investment decisions is viewed as a means to create more stable and predictable markets, ultimately benefiting market participants and supporting the sustainable growth of global society.⁴⁵

The Global Compact Report, a 2004 UN Report, promulgated guidelines and recommendations on how to integrate better environmental, social, and corporate governance issues in corporations’ overall management.⁴⁶ The integration of ESG factors in investment decisions is viewed as ‘falling within the scope of the fiduciary duty of trustees, financial advisers, asset managers and intermediary institutions.’⁴⁷ The UN Global Compact Report outlines principles that focus on human rights, labour, environment, and anti-corruption, which corporations are expected to follow. Principles 7 to 9 of the UN Global Compact Report emphasize that businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies.

ESG is recognized as a crucial element of corporate accountability and water governance. Effective water governance is essential for ensuring the sustainable and efficient use of water, addressing water-related challenges, and promoting fair access to water services.⁴⁸ ESG reporting enhances transparency for investors, regulators, and consumers regarding environ-

45 Katrin Hummel/Dominik Jobst, ‘An Overview of Corporate Sustainability Reporting Legislation in the European Union’ (2024), 21 *Accounting in Europe*, pp. 320, 322 et seq.

46 United Nations Global Compact Office, ‘The Global Compact Leaders’ Summit: United Nations Headquarters, 24 June 2004: Final Report’ (24 June 2004), https://d306pr3pise04h.cloudfront.net/docs/news_events%2F8.1%2Fsummit_rep_fin.pdf (last accessed: 18 September 2025).

47 UN Global Compact, ‘Who cares Wins: Connecting Financial Markets to a Changing World’ (December 2004), <https://documents1.worldbank.org/curated/en/280911488968799581/pdf/I13237-WP-WhoCaresWins-2004.pdf> (last accessed: 18 September 2025), p. 3.

48 Gabriel Minea/Elena Simina Lakatos/Roxana Maria Druta/Alina Moldovan/Lucian Marius Lupu/Lucian Ionel Cioca, ‘The Role of ESG in Driving Sustainable Innovation in Water Sector: From Gaps to Governance’ (2025), 17 *Water No. 2259*, pp. 3 et seq.

mental risks, particularly those associated with water resources. ESG reports accurately depict companies' efforts in water management, including measures to reduce water usage, improve wastewater treatment, and lower their environmental footprint. The Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) provide essential frameworks for meeting reporting requirements.

D. RECs and sustainable development

Within the framework of International Law, RECs are established under the WTO Agreement—Article XXIV of the General Agreement on Tariffs and Trade, and Article V of the General Agreement on Trade in Services—which permits its members to create regional trade agreements, such as free trade areas (FTAs) and customs unions (CUs), outside the multilateral system.

While the 2030 Agenda acknowledges that the implementation of the SDGs must occur through multi-stakeholder engagement and participation, it also recognizes the significant role of RECs in sustainable development:

We acknowledge the importance of the regional and subregional dimensions, regional economic integration, and interconnectivity in sustainable development. Regional and subregional frameworks can facilitate the effective translation of sustainable development policies into concrete action at the national level.⁴⁹

RECs play a vital role in promoting sustainability through developing and enforcing both binding and non-binding legal instruments, harmonizing policy frameworks, and establishing institutional mechanisms for sustainable development at the regional and national levels. Agenda 21 emphasizes the significance of RECs in promoting trade, economic growth, and environmental sustainability. Additionally, Principle 12 of the Rio Declaration, 1992, emphasizes the significance of RECs by stating that 'States should cooperate to promote a supportive and open international economic system that would lead to economic growth and sustainable development.'

From a perspective where most instruments related to sustainable development are established under soft law, RECs are crucial actors in trans-

49 United Nations General Assembly, Transforming our World: The 2030 Agenda for Sustainable Development, 25 September 2015, A/RES/70/1, para. 21.

forming sustainability from mere soft law—political ambitions—into legal obligations or enforceable frameworks. These frameworks not only guide member states but also hold them accountable for their acts or omissions related to implementing the SDGs.

I. European Union (EU)

It is worth noting that member states of the European Union⁵⁰ emphasize their commitments to achieve sustainable development as a key objective in the European Treaties. Based on this commitment, the EU positions itself as a leading REC in promoting corporate water accountability through its ESG frameworks and regulations. The EU Green Deal from 2019 is a policy incentive that advocates for EU member states to promote water-efficient technologies, reduce industrial water pollution, and invest in nature-based solutions and resilient water systems.⁵¹ In aligning with the Green Deal the EU enhances corporate water accountability by implementing mandatory corporate reporting systems. The Corporate Sustainability Reporting Directive (CSRD) requires EU and non-EU companies operating within the EU with an average of more than 500 employees⁵² to report detailed, high-quality ESG data related to water use and marine resources. Specifically, companies must disclose information on all significant environmental factors, including impacts on and dependencies on climate, air, land, water, and biodiversity.⁵³ To ensure the standardization of reporting, the EU

50 Established by the Maastricht Treaty (also known as the Treaty on European Union) but initially founded by the European Coal and Steel Community (ECSC) in 1951 and composed of 27 states, namely Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain, Sweden.

51 European Commission, *The European Green Deal 2019*, 11.12.2019, COM (2019) 640 final, pp. 9, 11, 14.

52 Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, 16 December 2022, OJ L 322, para. 17.

53 *Ibid.*, para. 46.

has established the European Sustainability Reporting Standards (ESRS), which formulates strict guidelines for ESG information disclosure.⁵⁴

Additionally, the EU Taxonomy for Sustainable Activities⁵⁵ complements the Green Deal and the CSRD by providing a classification system for sustainable economic activities. Corporate activities are considered environmentally sustainable if they meet the six environmental objectives set by the European Commission,⁵⁶ one of which includes the sustainable use and protection of water and marine resources. To comply with the water-related objective, corporate activities must significantly contribute to achieving or maintaining the good status of, or preventing the deterioration of, water bodies and marine waters.⁵⁷

The Corporate Sustainability Due Diligence Directive (CSDDD) requires companies to make meaningful contributions to the sustainability transition by conducting due diligence to identify and address water-related risks across supply chains.⁵⁸ The Directive adopts a negative obligation approach by prohibiting corporate actions that cause measurable environmental degradation, such as water pollution, excessive water consumption, or other impacts on natural resources that deny a person access to safe and clean drinking water or make it difficult for a person to access sanitary facilities.⁵⁹ The Sustainable Finance Disclosure Regulation (SFDR) mandates financial institutions to disclose how they incorporate ESG risks, including water, into their investment decisions.⁶⁰ This encourages companies to manage water use effectively to remain attractive to investors.

54 Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, 22 December 2023, OJ L 2023/2772.

55 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, 22 June 2020, OJ L 198, pp. 13 et seq.

56 *Ibid.*, para. 23: the six objectives include climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems.

57 *Ibid.*, Art 12.

58 Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859, 13 June 2024, OJ 2024/1760, paras. 15 and 32.

59 *Ibid.*, para. 32.

60 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sec-

Overall, the EU has strengthened corporate water accountability through ESG by requiring detailed water-related disclosures, setting standards and thresholds for sustainable water practices, embedding water as a critical metric in financial and sustainability regulations, and enforcing supply chain due diligence obligations.

II. Association of Southeast Asian Nations (ASEAN)

The members of the Association of Southeast Asian Nations (ASEAN)⁶¹ have committed themselves under Article 1(9) of the ASEAN Charter 2008 to promoting sustainable development, ensuring the protection of the region's environment, and the sustainability of its natural resources. In an attempt to promote sustainability, ASEAN has established the ASEAN Taxonomy for Sustainable Finance (Version 3).⁶² The ASEAN Taxonomy for Sustainable Finance aims to harmonize the classification of sustainable activities and assets across ASEAN states. Specifically, it provides guidance to potential users (ie corporations, investors, and governments) on whether an activity can be classified as sustainable under the ASEAN Taxonomy, demonstrating that it contributes to at least one of the environmental objectives.⁶³ The environmental objectives include climate change mitigation, adaptation, protection of healthy ecosystems and biodiversity, resource resilience, and the transition to a circular economy.⁶⁴ Thus, activities intended to promote aspects of protecting healthy ecosystems and biodiversity include undertakings that conform to the principles of safety, preservation, or restoration of water bodies.⁶⁵ ASEAN has introduced voluntary but influential ESG standards. It identifies sustainable activities, including wa-

tor, 9 December 2019, OJ L 317: See the definition of 'sustainable investment' under Art 2.

61 Established in 1967 and composed of 10 Southeast Asian countries: Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Vietnam.

62 ASEAN Taxonomy Board, 'ASEAN Taxonomy for Sustainable Finance, Version 3' (20 December 2024), <https://asean.org/wp-content/uploads/2024/12/ASEAN-Taxonomy-Finalised-Version-3-4.pdf> (last accessed: 18 September 2025).

63 Ibid, p. 28.

64 Ibid, pp. 28, 53.

65 Ibid, p. 30.

ter and wastewater management, as priorities for green investment.⁶⁶ The ASEAN Corporate Governance Scorecard (ACGS),⁶⁷ although not explicitly focused on water, evaluates transparency and sustainability practices that intersect with environmental management. Consequently, corporations seeking investment or improved credit ratings are now incentivized to report on water use, risks, and pollution control to align with taxonomy guidelines and ESG scoring systems.⁶⁸ Within the context of cross-border water and pollution initiatives, ASEAN has promoted transboundary water cooperation and shared pollution standards, especially for the Mekong River Basin and industrial water discharges.⁶⁹ ASEAN member states coordinate to harmonize pollution thresholds.

III. East African Community (EAC)

The EAC Treaty 1999 emphasizes an endeavour of member states to achieve sustainable development as a fundamental principle of the Community.⁷⁰ The EAC⁷¹ member states commit to cooperating in fostering joint, efficient, and sustainable management and utilization of natural resources.⁷² ESG frameworks are not yet fully institutionalized in the EAC; however, specific key initiatives and policy trends have indirectly enhanced water accountability.

66 Ibid.

67 ASEAN Capital Market Forum, 'ASEAN Corporate Governance Scorecard Self Assessment (2023–2024)' (2024), <https://www.theacmf.org/initiatives/corporate-governance/-/2024-asean-corporate-governance-scorecard> (last accessed: 18 September 2025).

68 Ibid (n 17).

69 See ASEAN Member States, ASEAN Declaration on Environmental Sustainability (20 November 2007), <https://cil.nus.edu.sg/wp-content/uploads/2019/02/2007-ASEAN-Declaration-on-Environmental-Sustainability.pdf> (last accessed: 18 September 2025), para. 6.

70 See Treaty for the Establishment of the East African Community, 30 November 1999: Art 5.

71 The EAC is a regional intergovernmental organization composed of Kenya, Tanzania, Uganda, Rwanda, Burundi, South Sudan, the Democratic Republic of Congo, and Somalia.

72 See EAC Protocol on Environment and Natural Resources Management, 29 April 2006, Art III to III4 (not yet in force).

The EAC Protocol on Sustainable Development of Lake Victoria (2003)⁷³ and the EAC Protocol on Environment and Natural Resources Management (2006) emphasize the member states' commitment to promoting transboundary water governance frameworks aimed at protecting shared water resources, particularly in the Lake Victoria Basin.⁷⁴ Article 4(2) of the Basin Protocol stipulates that member states will adhere to the principle of equitable and reasonable utilisation of water resources in the management of the Victoria Basin resources. Similarly, Article 45 of the Lake Victoria Basin Protocol requires member states to report on the measures they have taken to implement the Protocol's provisions for the sustainable development of Lake Victoria, as well as their effectiveness in achieving the objectives. The member states have established the Lake Victoria Basin Commission (LVBC),⁷⁵ which compels governments to regulate industrial discharges, water abstraction, and water quality—particularly in high-pollution sectors such as agriculture, mining, and manufacturing. Companies operating near key water basins face stricter oversight and compliance is increasingly linked to licensing, taxation, and access to financing.⁷⁶

Furthermore, the EAC member states have been pressured by multilateral donors (eg, World Bank, International Finance Corporation, African Development Bank) to incorporate ESG reporting mechanism in donor-funded projects.⁷⁷ These initiatives by multilateral donors have played a significant role in advancing water accountability through ESG-aligned funding in the regional blocks. For instance, water infrastructure and sani-

73 See *ibid*, Art 45.

74 See *ibid*, preamble.

75 See the organizational structure and functions of the Lake Victoria Basin Commission and other institutions under the Protocol for Sustainable Development of Lake Victoria Basin, 29 November 2003, Art 33 and 34. Also see Global Environment Facility's (GEF), Lake Victoria – Results, <https://www.iwlearn.net/iw-projects/basins/908/results> (last accessed 18 September 2025).

76 See Protocol on Sustainable Development of Lake Victoria, 29 November 2003, Artt 6, 14, 16, 25, 29, 33.

77 See, for instance, World Bank, 'Environmental and Social Framework' (2020), <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework> (last accessed: 18 September 2025); United Nations Development Programme, 'UNDP Social and Environmental Standards (UNDP 2021)' (2021), <https://www.undp.org/publications/undp-social-and-environmental-standards> (last accessed: 18 September 2025); African Development Bank, 'Environmental, Social and Governance (ESG)' <https://www.afdb.org/en/topics-and-sectors/topics/environmental-social-and-governance-esg> (last accessed: 18 September 2025).

tation projects often require corporate ESG alignment and reporting via the International Finance Corporation Performance Standards.

E. Conclusion: Evaluation and synergy

Yet, the real test is whether regional integration law has created binding legal frameworks to regulate corporate activities, including water accountability. This chapter suggests that RECs have made progress in establishing harmonized standards that guide sustainability practices at the regional level.

Notably, RECs have achieved important milestones in advancing corporate water accountability. The European Union (EU) stands out by eliminating voluntary mechanisms of corporate water accountability and replacing them with binding frameworks that mandate Environmental, Social, and Governance (ESG) reporting. In doing so, the EU sets a benchmark for other RECs. It demonstrates that regional legal frameworks can go beyond guidance and deliver enforceable obligations in corporate water accountability. By contrast, RECs such as the Association of Southeast Asian Nations (ASEAN) and the East African Community (EAC) continue to rely largely on voluntary mechanisms. While this reflects recognition of the importance of sustainability, reliance on voluntary water disclosures risks inconsistent implementation, as corporations may not always adopt rigorous accountability practices. Nevertheless, both ASEAN and the EAC have shown progress by creating legal and institutional mechanisms to safeguard transboundary water resources. In the case of the EAC, donor-funded projects, regional trade, and cooperation with international organizations have further strengthened corporate water accountability.

Overall, RECs contribute to regional policy harmonization and standardization by establishing region-wide frameworks and directives that align environmental standards with water use and pollution control among member states. Through RECs, it becomes easier to enforce ESG standards and prevent companies from exploiting regulatory loopholes across borders. RECs help standardize and set ESG Reporting Requirements, making it simpler for companies to report consistently on water use, pollution, and conservation efforts.