

Sustainable Water Equities Eliminating PFAS brings fresh opportunities for water investments

Sustainable Investing Expertise by
ROBECOSAM

- Some PFAS banned, others still used in industry and consumers products
- Research still exploring link to health and environmental impacts
- Regulating and clean up are driving new investments in water

PFAS comprise a group of thousands of man-made chemicals that are accumulating in our bodies and in the environment. Many PFAS chemicals are a confirmed risk to human health and have been banned from production; but their presence in waste streams continue to contaminate soils and waterways. Clean up efforts require huge investments into water infrastructure, detection-filtering analytics and treatment solutions creating opportunities along the entire water value chain.

Forever chemicals

You may have never heard of per- and polyfluoroalkyl substances (PFAS)¹ but you are exposed to them daily. PFAS (pronounced Pee-fass) is a classification covering thousands of man-made chemicals with similar molecular structures. They are ubiquitous across the economy and are used in industrial sectors as well as for consumer goods.

Given they are found in cleaning and polishing products, electronics, food packaging, cosmetics, water-resistant textiles, furniture, non-stick cooking pans, the average household is fully stocked with PFAS-laced goods. They are even an active ingredient in the fire-retardant foam used by fire departments around the globe.

Initially hailed as wonder chemicals because of their high heat resistance and durability, chemical companies have commercially produced PFAS since the 1940s. But those same wonder-spawning properties have since been

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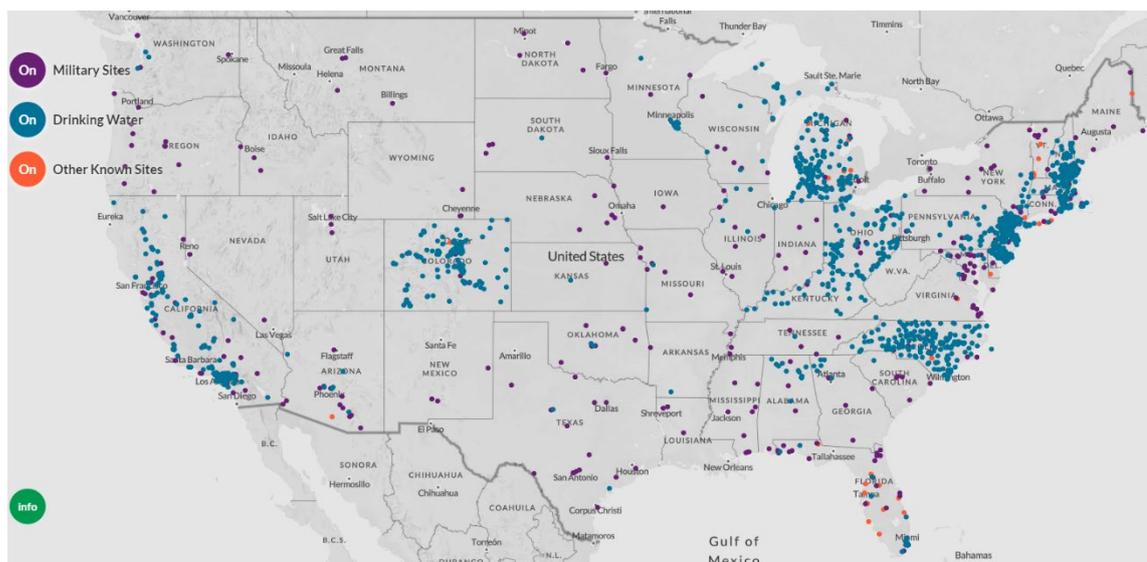


discovered to be hazardous to ecosystems and human health. Moreover, they do not break down in the environment, and they accumulate in the body, earning them the moniker, “forever chemicals.” The worst of the offenders, PFOS and PFOA (distinct sub-classes of PFAS),² have been banned from production in the EU and US after decades of scientific research and multiple class action lawsuits linked exposure to a long list of severe health issues. These include endocrine and immune system disorders, elevated cholesterol levels, birth defects and cancer.³

‘The dangers posed by PFOS and PFOA mean other types of PFAS still being manufactured and sold in the larger economy face greater scrutiny’

The dangers posed by PFOS and PFOA mean other types of PFAS still being manufactured and sold in the larger economy face greater scrutiny. According to the Environment Working Group (EWG), PFAS contamination has been found in drinking water or ground water across the US (See Figure 1). PFAS contamination has also been reported around the world and a number of countries including China, Australia, Canada, Russia and EU member states have developed PFAS risk reduction strategies.

Figure 1 | Contamination Nation



Source: Environment Working Group, (https://www.ewg.org/interactive-maps/pfas_contamination/map/)

PFAS contamination of water supplies has been found in sites across the US. Data as of January 6, 2021

Regulatory action

PFAS are still largely unregulated. However, mounting scientific and health data as well as a chorus of activists, community groups, state and local governments and private industries has prompted federal action. In February 2021, under Biden appointed Michael Regan, the US Environmental Protection Agency (EPA) issued regulatory determinations for PFAS under the Safe Drinking Water Act (SDWA). This means it will move forward to develop enforceable drinking water standards (Maximum Contaminant Levels, MCLs) for two legacy PFAS groups (PFOA and PFOS).⁴

Moreover, many state governments have banned use of PFAS in certain products and are already limiting these compounds in local drinking water.⁵ The most notorious PFAS, PFOS and PFOA, have been restricted in the EU since 2006 and 2020 respectively. The EU is also developing regulations to eliminate non-essential uses of PFAS.

In addition, the Biden administration has promised to aggressively address PFAS, which would include pursuing industrial discharge limits and ensuring water quality. Biden’s infrastructure plan announced in March 2021 calls for USD 111 billion investments into water infrastructure, including USD 10 billion for monitoring and remediating⁶ drinking water, rural water

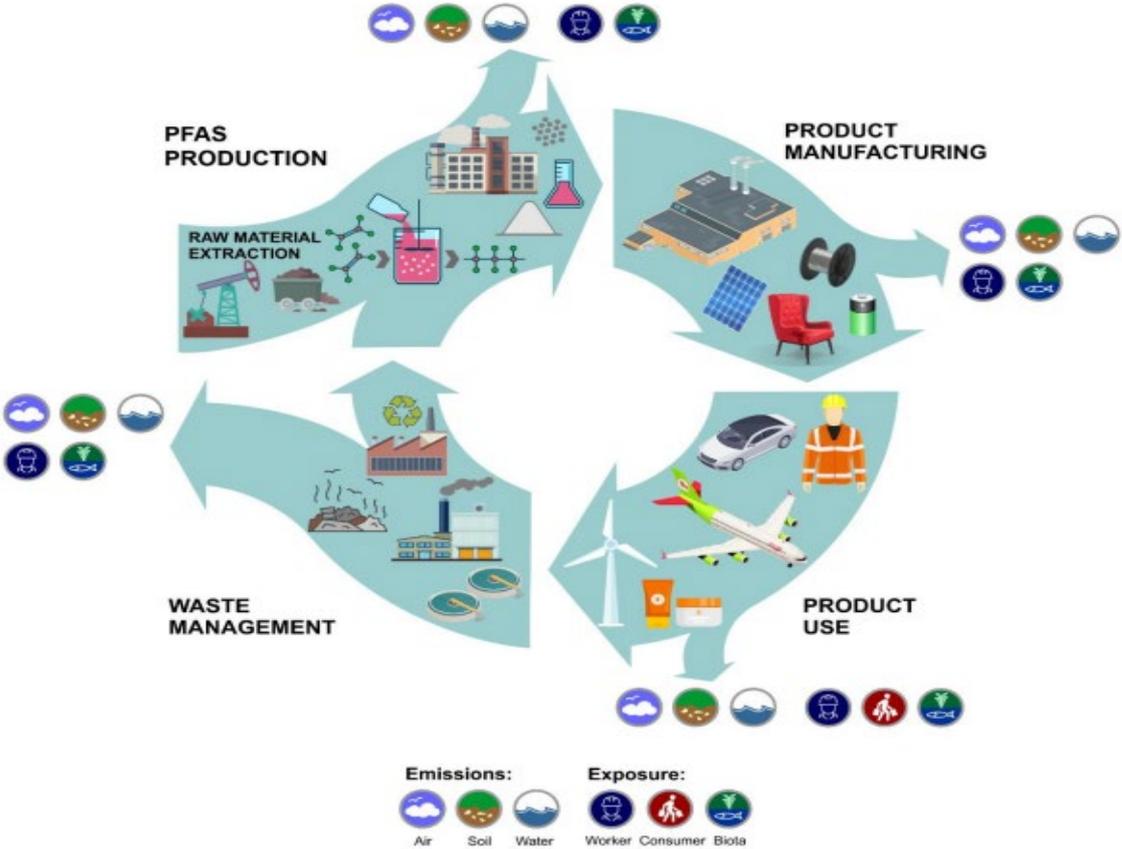
systems, and wastewater treatment. Moreover, targeted research and innovation activities have been submitted as a focus for funding for the EU Green Deal.⁷

Tracking PFAS in water flows

As previously discussed, PFAS presence is ubiquitous across economic sectors and household goods. However, the risk to humans and the ecosystem stems from its presence in water. Contaminated water is consumed directly by humans and livestock as well as used for food crops. Contaminated water spread PFAS to natural waterways, oceans and marine life.

Reducing human and environmental risks requires scaled efforts starting with regulatory limits on upstream discharge and continuing to downstream monitoring and decontamination. Tighter limits and potential new regulations will mean large investments from governments, public utilities and private industry to install detection and filtering technologies as well as tools for on-site clean ups. This opens up market opportunities for PFAS remediation whose market size has been increasing over the past few years.

Figure 2 | PFAS production and pollution cycle



Source: EU Commission

What is pumped through industry supply chains eventually gets pumped into households and pumped out into water supplies and the wider environment.

Market Opportunities

Given widespread PFAS use and their far-reaching impact, there are significant investment opportunities related to PFAS detection, clean up and remediation. Listed below are specific areas across the water value chain where the RobecoSAM Sustainable Water Strategy is positioned to capture growth.

Drinking water and utility upgrades

Typical household filters are not capable of removing PFAS from tap water. Water technology providers are developing products to help utilities operators detect and treat, manage and monitor contaminants in municipal water supplies.

Currently, water treatments are limited to granular activated carbon (GAC), ion exchange (IO), and reverse osmosis (RO) technologies. However, these are beset with limitations including high costs and frequent changes of filtering membranes. In addition, there is no guarantee they remove 100% of PFAS contaminants. Some utilities already have GAC technologies to remove other micro-pollutants. However, new MCL limits mean more precise technologies must be found that not only meet regulatory limits but also improve affordability, system capacity and overall efficiency.

Waste treatment

As PFAS are persistent in the environment, stricter rules for PFAS disposal and remediation policies will impact solid and industrial waste treatment. Currently, both liquid and solid materials used in the PFAS remediation process (via GAC, IO and RO technologies) must also be properly disposed. These wastewater biosolids are sometimes recycled and used as fertilizer products for agriculture. However, PFAS contaminated wastewater can be cycled back into agricultural products and ultimately to consumers. Landfilling these materials is a temporary solution, however, permanent solutions are needed.⁸

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PFAS incineration via thermal treatment technologies is believed to destroy 99.999% of PFAS in terminated waste materials. However, incineration also has its own issues to surmount. First, capacity is still limited and further investments are required to scale to the necessary levels. Moreover, there are concerns over the environmental costs associated with incineration, which releases degraded compounds into the atmosphere. These costs could make thermal solutions prohibitively expensive.

Testing and inspection

The clean-up is necessary not only where PFAS passed through natural waterways or municipal water facilities but also sites where PFAS products were produced and used. Specialized engineering and consulting companies are playing an important role in advising national defense departments on PFAS clean up strategies. In conjunction with expert consultation, Testing, Inspection and Certification (TIC) companies are needed to identify and analyze not only PFAS contaminants but also other emerging pollutants.

Conclusion

PFAS is a classification that spans thousands of chemical compounds which touch billions of lives and living organism all over the planet. So far, studies and regulatory action have been aimed at two legacy PFAS groups (PFOA and PFOS) which are accelerating structural changes across public and private sectors and creating large-scale investment opportunities across the water value chain.

The potential risks of other PFAS chemicals on human health and for the environment are still unclear. What is clear is that solving the PFAS dilemma is a long-term problem that could amplify even further as knowledge on their effects increases. As research and knowledge expands, so too will investment opportunities for innovative solutions that protect water supplies, human health and natural ecosystems.

¹ Also, PFASs and PFASS

² Perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA)

³ European Environmental Agency, « Emerging Chemical Risks in Europe.” December 2019. <https://www.eea.europa.eu/publications/emerging-chemical-risks-in-europe>

⁴ Information from the US EPA website. <https://www.epa.gov/pfas/epa-actions-address-pfas>

⁵ US state policy database on PFAS. Safer States is a US based coalition of advocates policymakers, scientists, and community leaders combatting exposure to PFAS chemicals in US drinking water. <https://www.saferstates.com/toxic-chemicals/pfas/>

⁶ The process of cleaning and restoring contaminated water.

⁷ EU Commission staff working document on PFAS, Chemicals Strategy for Sustainability, https://ec.europa.eu/environment/pdf/chemicals/2020/10/SWD_PFAS.pdf

⁸ Debate continues on whether PFAS in landfill leech into soil and underground water supplies. More conclusive studies are underway.

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