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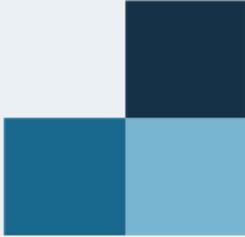
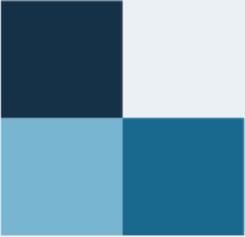
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***Chain Reaction: Making Corporate Supply Chains Work for WASH and the SDGs***

*Stockholm World Water Week 2017*

*Sunday, 27 August, 16.00 - 17:30*

# Objectives of this session

- **Follow up on last year's session** 'Scaling Corporate Action on WASH in Supply Chains'
- Present the findings of a **recent report launched on 21 August**, "Corporate Engagement on Water Supply, Sanitation, and Hygiene: Driving Progress on SDG 6 through supply chains and voluntary standards"
- Gather **additional insight** from corporates, academics, NGOs and government on:
  - Areas of action-to date and research findings
  - Different approaches and potential solutions

# Agenda

16:05	Key Findings and Messages from the Report
16:20	Highlights from the Field
16:35	WASHopoly
17:10	WASHopoly feedback and discussions on way forward
17:25	Concluding remarks

# Key Findings: Corporate Engagement on Water Supply, Sanitation, and Hygiene



Mai-Lan Ha (CEO Water Mandate) and Nick Hepworth (Water Witness International)



The CEO Water Mandate



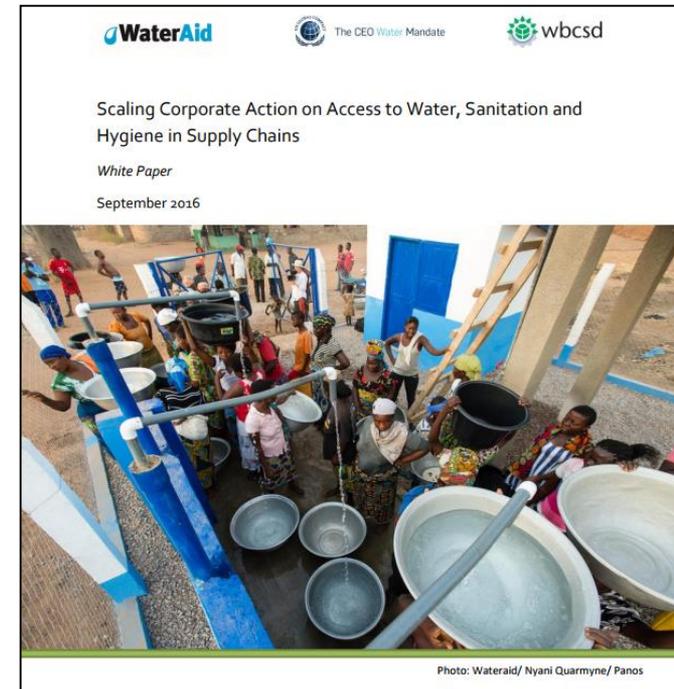
wbcasd



# Background

## Background:

- Stockholm World Water Week 2015 and 2016 – Joint meeting by the Mandate, WaterAid, and WBCSD focused on **understanding how to Accelerate Corporate Action on WASH** and subsequently action on **WASH in Supply Chains**
- Discussions led to the identification of the **need for research on how to address WASH in companies' supply chains** and some initial areas for further exploration



# Potential Actions to Improve WASH in Supply Chains

Area of action	Type of Action
Audits	<ul style="list-style-type: none"><li>• Establish a common minimum standard for WASH, including hardware and behavioral elements.</li><li>• Develop guidance for transition from compliance to capacity-building culture.</li></ul>
Certification	<ul style="list-style-type: none"><li>• Standardize WASH elements in certification schemes. (Roundtable on Sustainable Palm Oil, Rainforest Alliance, Forest Stewardship, etc.)</li></ul>
Industry-led Platforms	<ul style="list-style-type: none"><li>• Integrate WASH components into industry led efforts (such as SAI Platform, Sustainable Apparel Coalition, Electronic Industry Citizenship Coalition)</li></ul>
Scaling / strengthening “bottom up” well-being and livelihood programs	<ul style="list-style-type: none"><li>• Replicate and scale “bottom up” approaches that focus on needs of workers at farm or factory level.</li><li>• Coordinate partnerships and collective action activities to advance WASH in strategic geographies.</li></ul>
Clarifying company / government role	<ul style="list-style-type: none"><li>• Developing guidance / a toolkit that delineates roles that companies can play in supporting government action on WASH. Guidance would be developed in partnership with government.</li></ul>

# Objectives

- To identify **opportunities to engage standards and certification schemes** and initial mapping of potential areas for engagement
- To identify and document **case studies** of which **companies are taking action on WASH in supply chains**
- Identify other **potential drivers and opportunities** in more detail



The CEO Water Mandate



wbcscsd



## Rationale

- 1 in 5 people work in globalised supply chains, 80-90% of these in dispersed SMEs and on farms in developing countries
- Overlap in geographies facing WASH under provision provides opportunities / obligations

## Methodology

- Literature review
- Screening of 200 standards, detailed analysis of 25
- Key informant interviews

Companies	Standard systems
Coca-Cola Ltd; Diageo; ERM; GAP Inc; GSK; Olam; Levi's; Nestlé; Unilever; H&M	4C-Global Coffee Platform; Alliance for Water Stewardship; Better Cotton Initiative; Fairtrade; Forest Stewardship Council; GlobalGAP; Roundtable on Sustainable Palm Oil; Sustainable Agriculture Network-Rainforest Alliance; UTZ Certified; ISEAL Alliance

## Findings and recommendations

- 1. There is significant potential to drive positive change through action on WASH in supply chains and engagement needs to be stepped up**

*...It's new for us but the potential is huge. We employ 62 500 people, have direct relationships with 350 000, with links to 4 million farmers...the supply chain is where the big opportunities and issues are.*

*...We're working in 90 countries with 500 suppliers and 135 000 employees, with up to a million working in supply chains across south-east Asia.*

*...We are looking at WASH as a risk factor for supply chain producers and our 167 factories...We are just beginning that journey.*

## Findings and recommendations

### 2. Data and knowledge amongst stakeholders are sparse

- On the extent of the issue/provision at site, community and for suppliers
- On the business cases for action
- On the drivers of action and levers of change
- On the best ways / processes to engage

## Findings and recommendations

### 3. Promising opportunities:

#### a. Improved handling of WASH within corporate 'Supplier Codes'

- WASH provision is usually a mandatory requirement
- Most codes have ambiguous requirements: *'workers should have access to water and sanitary facilities'*.
- Issues with non-binding requirements and weak audit processes

#### b. Strengthening of existing mechanisms including ILO Conventions, IFC performance standards, OECD Guidelines, FAO Sustainability Assessment and the WBCSD WASH Pledge

e.g. R192, ILO H&S in Agriculture Recommendations, 2001: 'an adequate supply of safe drinking water'; 'separate sanitary and washing facilities'

## Findings and recommendations

### 3. Promising opportunities:

#### c. Third party standards provide a particularly promising route

- Most standards are weak in terms of the criteria set (or not set) on access to WASH for the workers, families and communities.
- Standards consulted universally recognised the opportunity to strengthen WASH, and are interested in collaboration via:
  - i. Joint development of improved criteria, indicators and guidance;
  - ii. Piloting
  - iii. Development of thematic programmes to support implementers

## Findings and recommendations

### 3. Promising opportunities:

#### d. Development of normative guidance for handling WASH in supply chains. To include:

- differentiation between factory and farm, and recognition of infrastructure challenges in remote field locations;
- definition on quantity, quality, distance to potable water and volume linked to temperature/nature of work;
- gendered requirements for sanitation, headcount per latrine, minimum standards of sanitation, cleaning and inspection;
- availability of handwashing facilities/soap;
- minimum expectations for household and community provision for staff and workers depending on context. For example:
  - where a business provides accommodation directly, full compliance with minimum standards as the norm;
  - where a business has driven demographic change, there should be a requirement to ensure this doesn't lead to overburdening of WASH services. c.f. 'planning gain' agreements in the UK under which a developer is obliged to make agreed financial contributions to local service provision.
- requirement to survey and understand levels of WASH provision in employee homes and to engage constructively where there is shortfall (i.e. through local advocacy).

# Highlights from the Field

- **Pendo Hyera, Water Witness International**
  - SMART approaches to WASH action in Diageo supply chains in Tanzania
- **Zhenzhen Xu, Alliance for Water Stewardship**
  - Integrating WASH into existing standards - challenges and opportunities
- **Ruth Romer, WaterAid and Lilian Wang, PwC UK**
  - Overview of project to build the business case for WASH investments in corporate supply chains



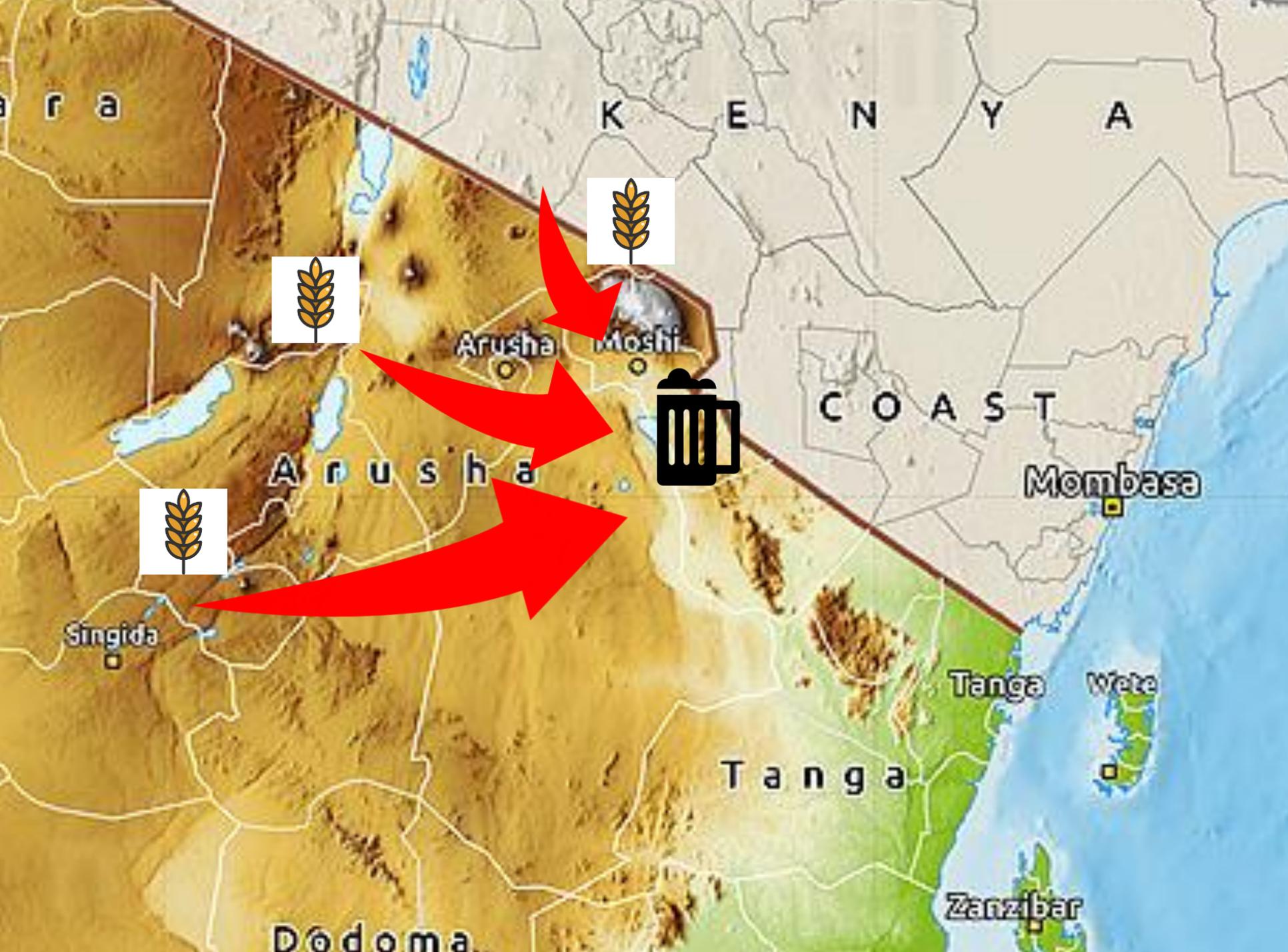
## Maji SASA!: Water stewardship action for smallholders and SMEs in Africa

**Pendo Hyera**, Programme Manager, Shahidi wa Maji



**DIAGEO**





r a

K E N Y A



Arusha Moshi

C O A S T

Mombasa

Singida

Tanga Wete

Tanga

Zanzibar

Dodoma

# Water challenges facing barley farmers

1. Erratic rainfall, drought and impact on yield/finance
  2. Soil degradation
  3. Safe use of agro-chemicals
  4. Resource conflict, compliance and governance
  5. Limited water supply and sanitation coverage
- The nature and causes need to be properly understood to enable an efficient, effective and measurable response
  - Responses need to be tailored to context

akvoflow



# Maji SASA Questionnaire Tool: Water risks and response in dispersed supply chains

- 140 questions to characterise producer water challenges across quantity, quality, sustainability, governance and WASH
- 27 questions on WASH to characterise extent, nature of problem and potential solutions across potable water safety; safe sanitation; hygiene; WASH governance.
- Questions relate to WASH at site level AND in the community
- Reports on 25 SDG indicators, AWS and DFID/GIZ indicators
- Average 1 hour per respondent, half a day per site to sample producers
- Creates baseline against which to track progress
- Composite risk scores support targeted stewardship response
- Detailed risk breakdown supports tailored stewardship response



## **Maji SASA Questionnaire Tool: *Example subset of 27 questions on WASH***

Egs.

‘There is always enough drinking water at the site when it is needed’

‘Workers at the site have access to an improved latrine within five minutes walk’

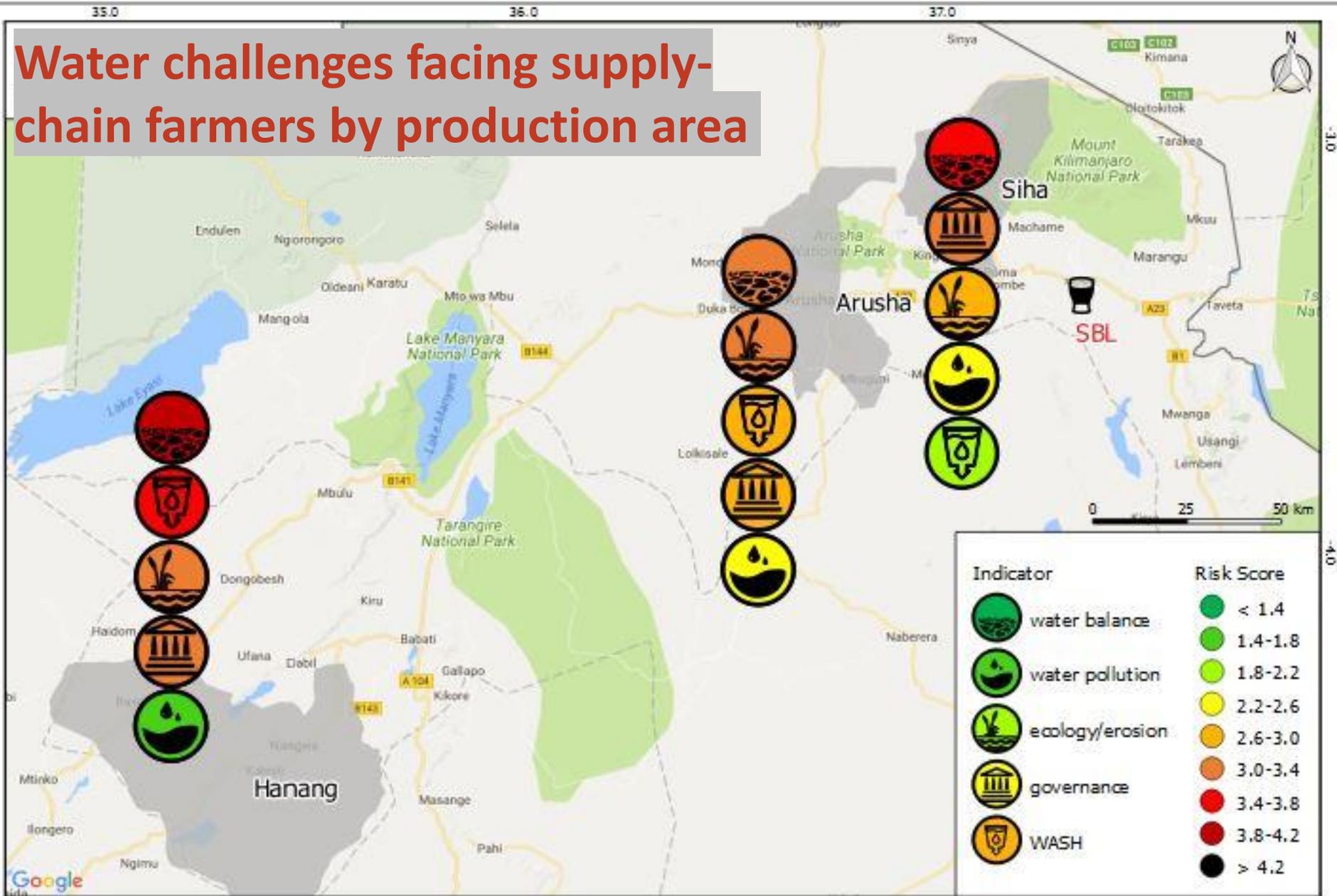
‘Decision making on WASH in the community is inclusive and always takes into account the views of women’

‘Waterborne disease is a serious problem in the community and causes regular absence from work and school’

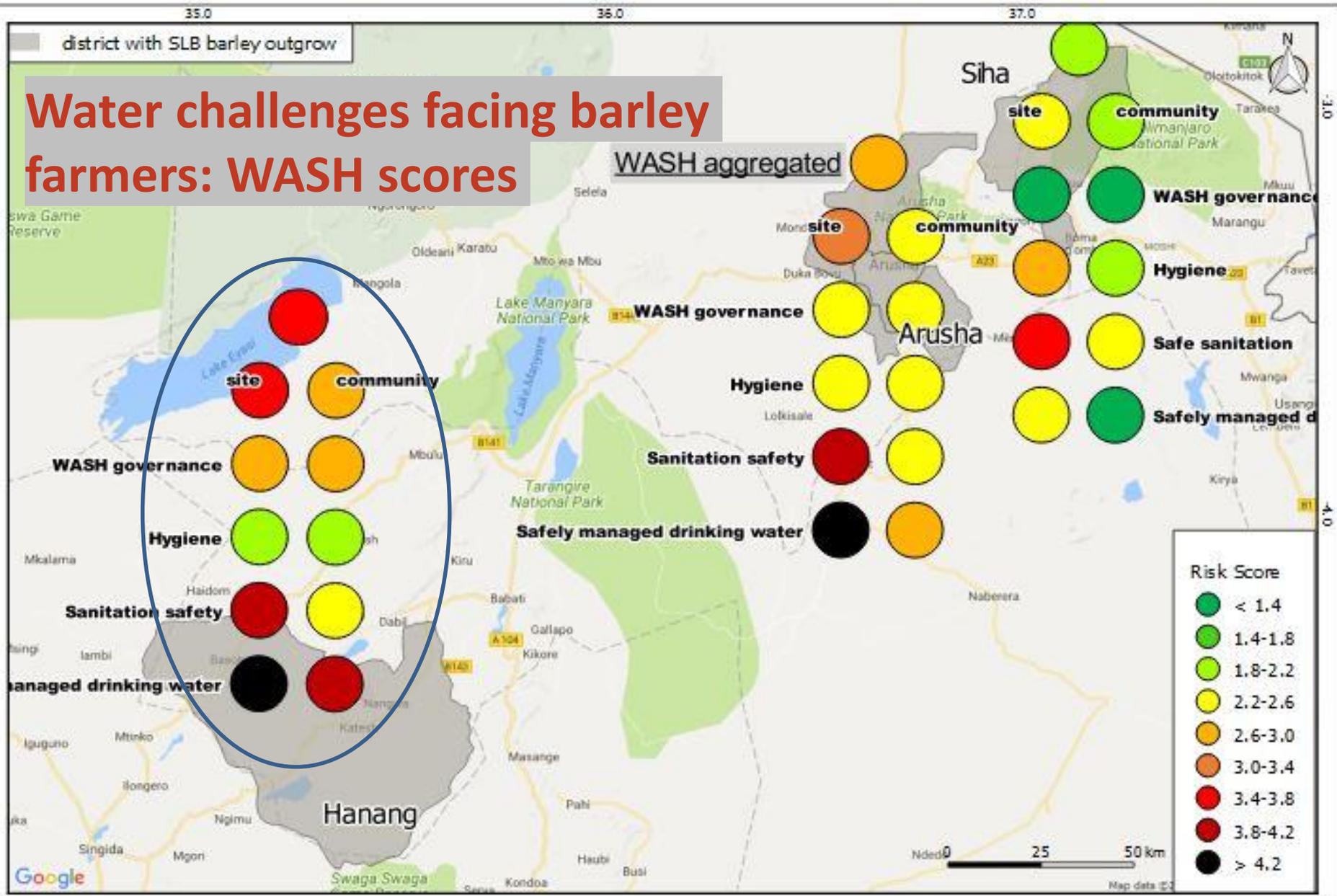
**Strongly agree, agree, unsure, disagree, strongly disagree**



# Water challenges facing supply-chain farmers by production area



# Water challenges facing barley farmers: WASH scores



## Supports context specific response on WASH

### Survey results match the realities on the ground

- Farmer community (>6000 people) in Basuto, Hanang face very severe domestic water shortages, waterborne disease burden and cholera outbreaks
- Outdated gravity scheme flows < half a day per week
- Groundwater > 100m deep and saline
- Nearest alternative potable supply: 40km round trip





## **Supports context specific responses on priority water risks**

**Maji SASA team now working with community, local NGOs and District Authority to implement appropriate responses**

On WASH:

- New hydro-geological survey
- Rainwater harvesting
- Likely rehabilitation of old borehole with solar pump
- Strengthening of Village Water Committee / District Water Office

**Progress can be tracked via the website**

**<https://rsr.akvo.org/en/project/6191/>**



Asante sana!



SHAHIDI  
WA MAJI

A logo consisting of a blue water droplet shape with a white outline, containing a stylized blue and white circular element.

# Integrating WASH into Existing Standards - Challenges and Opportunities

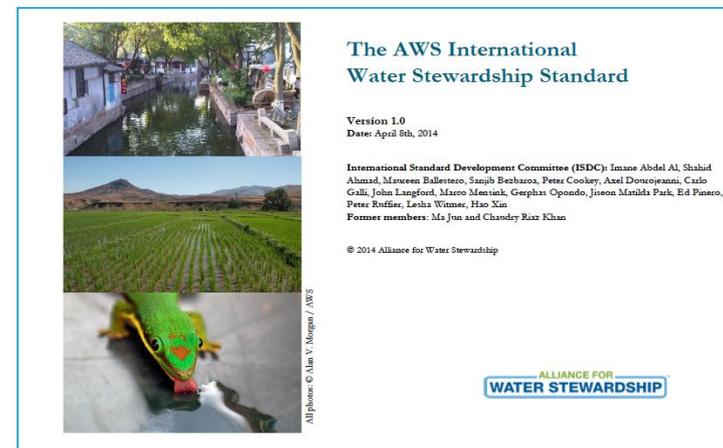
*Zhenzhen XU*

*Asia Pacific Regional Director  
Alliance for Water Stewardship*

*August 27<sup>th</sup>, 2017*

# Why build a Standard - AWS?

- International **consistency** around a definition of what constitutes “responsible” water stewardship
- **Recognition** of leaders
- A mechanism to simplify water risk mitigation in **investment** community
- A process for brands to manage their **supply chain risks**
- Companies to validate their **claims** and protect their brands (via certification)
- A **framework and common language** to facilitate use of tools and collective action
- An entity to **champion and promote** water stewardship around the world.



Released 8 April 2014 at the  
United Nations Global Compact  
CEO Water Mandate Meeting  
Lima, Peru

# Alliance for Water Stewardship

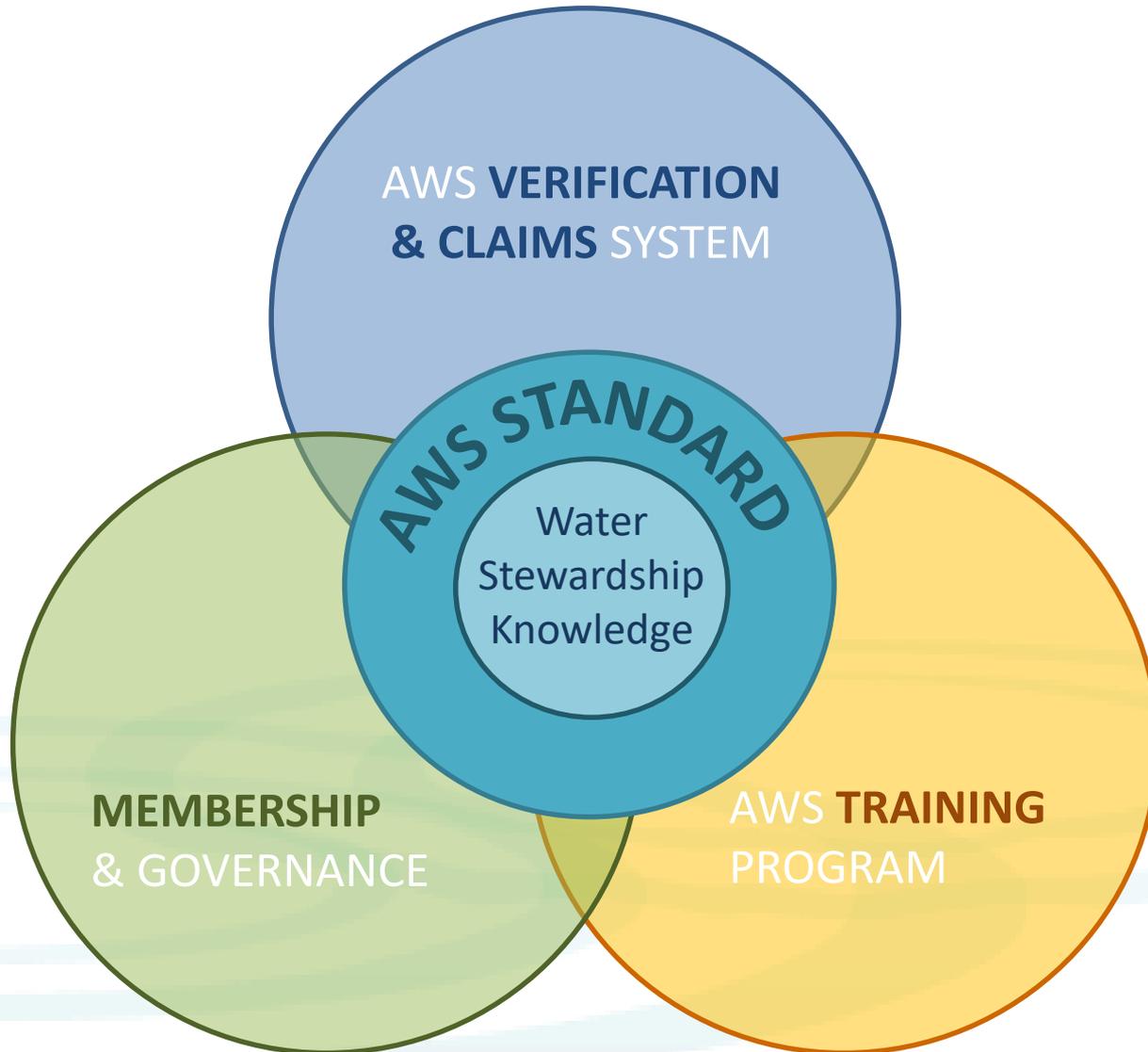


- **Our Vision** is that water users and managers are responsible water stewards, who protect and enhance freshwater resources for people and nature.

- **AWS Membership**

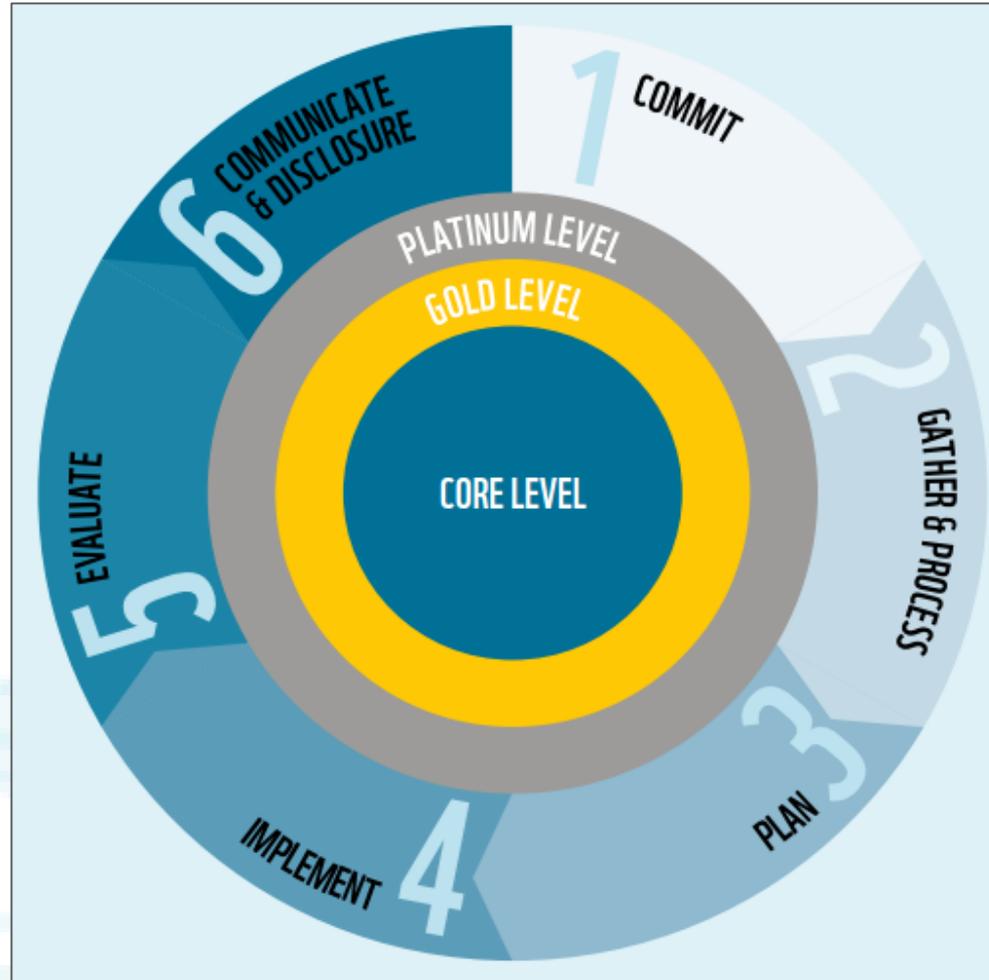
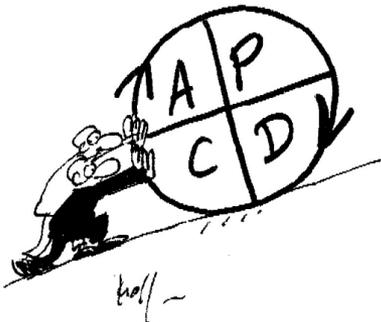


# What Do We Do?



# SIX Steps of AWS

## – a Systematic & Inclusive Approach



# Scope of Engagement for a Water Steward

- **Understand** Catchment Context: Water Source Vulnerability, Policy Trend and Environmental & Social Impact
- Stakeholder Analysis and Engagement Plan
- **Collective Actions** (joint data collection & sharing, public awareness raising, WASH, sector benchmark, habitat conservation)

- **Understand** Lifecycle Water Use (WFA)
- Supply Chain Water Usage and Risk Inventory
- **Mitigate Risk & Improve** Indirect Water Use (within/beyond the catchment)

- **Understand** Water Balance, Water Quality, Possible Source of Pollution, and Water Related Costs
- Water Related Management System: EMS, OHS
- **Improve** Water Balance, Water Quality and Water Management



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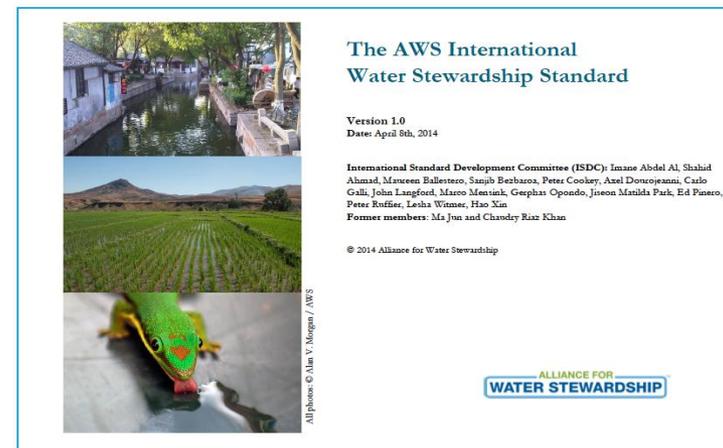
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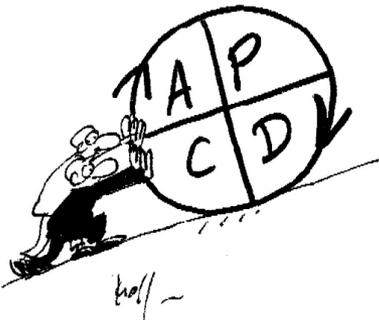


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# SIX Steps of AWS

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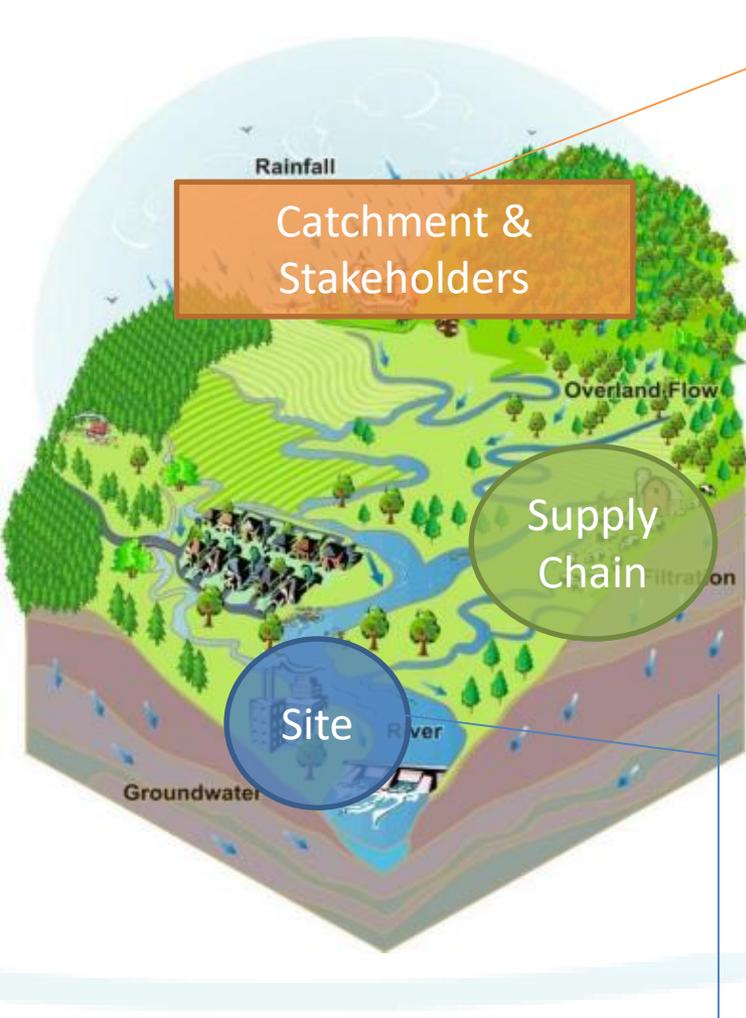


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# WASH in AWS International Water Stewardship Standards



## DEFINITION & GUIDANCE

References to: WHO, WBCSD, WATER AID, UNICEF, CDP, and more;

### STEP 1 – Commit

CORE - CEO Water Mandate, WBCSD WASH Pledge

ADVANCED - Commit to directly assisting with community water needs in times of scarcity

### STEP 2 – Gather & Understand

CORE – Identify stakeholders and shared catchment water challenges (\*including public policy goals on WASH)

CORE – Understand site water risks and opportunities (value creation)

# WASH in AWS International Water Stewardship Standards



STEP 3 - PLAN

STEP 4 - IMPLEMENT

CORE - WASH & awareness for workers on-site (including outsourced service)

ADVANCED – provide WASH & awareness off-site

STEP 5 – EVALUATE

STEP 6 – COMMUNICATE & DISCLOSURE

CORE – Increase awareness of water issues within the site (e.g. annual WASH training at work program)

ADVANCED – Implement Water Education Program (e.g. local community & schools)

# Challenges & Opportunities

- What good looks like?
- Needs for more practical guidance
- Needs for knowledge and capacity building at all levels
- Needs to handle the issue in a broader context
- Needs to take a systematic approach
- Needs for a clear way of M&E and feedback system



# Role of AWS and Our Plan

- Standard Revision Process
  - Opportunity for AWS member to lead on WASH in 2017-18 standard review process
- AWS Forum Oct. 31~Nov. 1<sup>st</sup> 2017, Edinburgh
  - A session at the AWS Forum to further discussion on this topic
- Regional representatives and local water stewardship network to support actions and continuing dialogue at local level
- Develop a system to capture results & learnings from AWS members
- Collaboration opportunity with sector/product specific standards: e.g. BCI, SAC



# AWS GLOBAL WATER STEWARDSHIP FORUM

31ST OCTOBER - 1ST NOVEMBER 2017  
EDINBURGH, SCOTLAND



[adrian@a4ws.org](mailto:adrian@a4ws.org)

[scott@a4ws.org](mailto:scott@a4ws.org)

[zhenzhen@a4ws.org](mailto:zhenzhen@a4ws.org)

Thank You~ 谢谢!



# Strengthening the business case for water, sanitation and hygiene (WASH)

Ruth Romer, WaterAid & Lilian Wang, PwC UK

27/08/17

DIAGEO



# Project Partners



- Project lead

DIAGEO



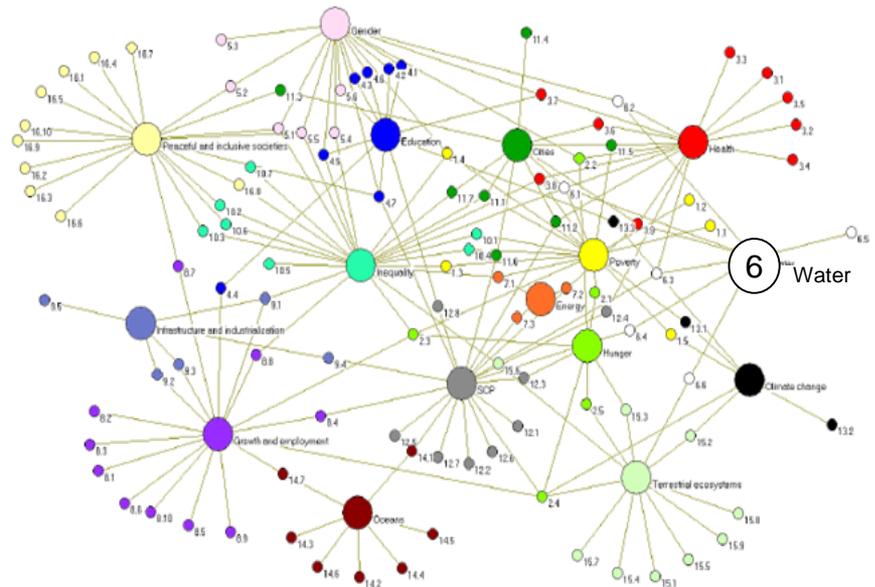
- Corporate partners



- Consultancy partners

# Don't we already have the business case?

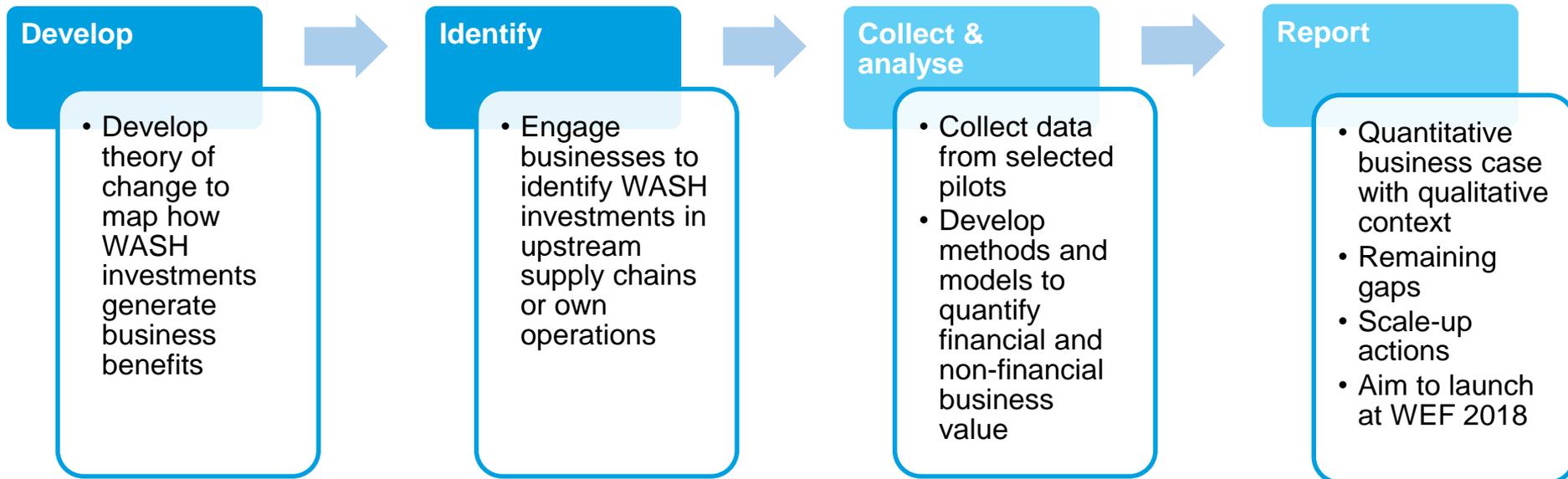
- WASH is essential to human health and prosperity
- Goal 6 of the Sustainable Development Goals, underpins success in many others
- WASH is a 'win-win' for companies: the social case exists but the 'hard' quantitative evidence is considered insufficient
- This project will strengthen the evidence to support the business case for action
- Focus on manufacturing and agriculture



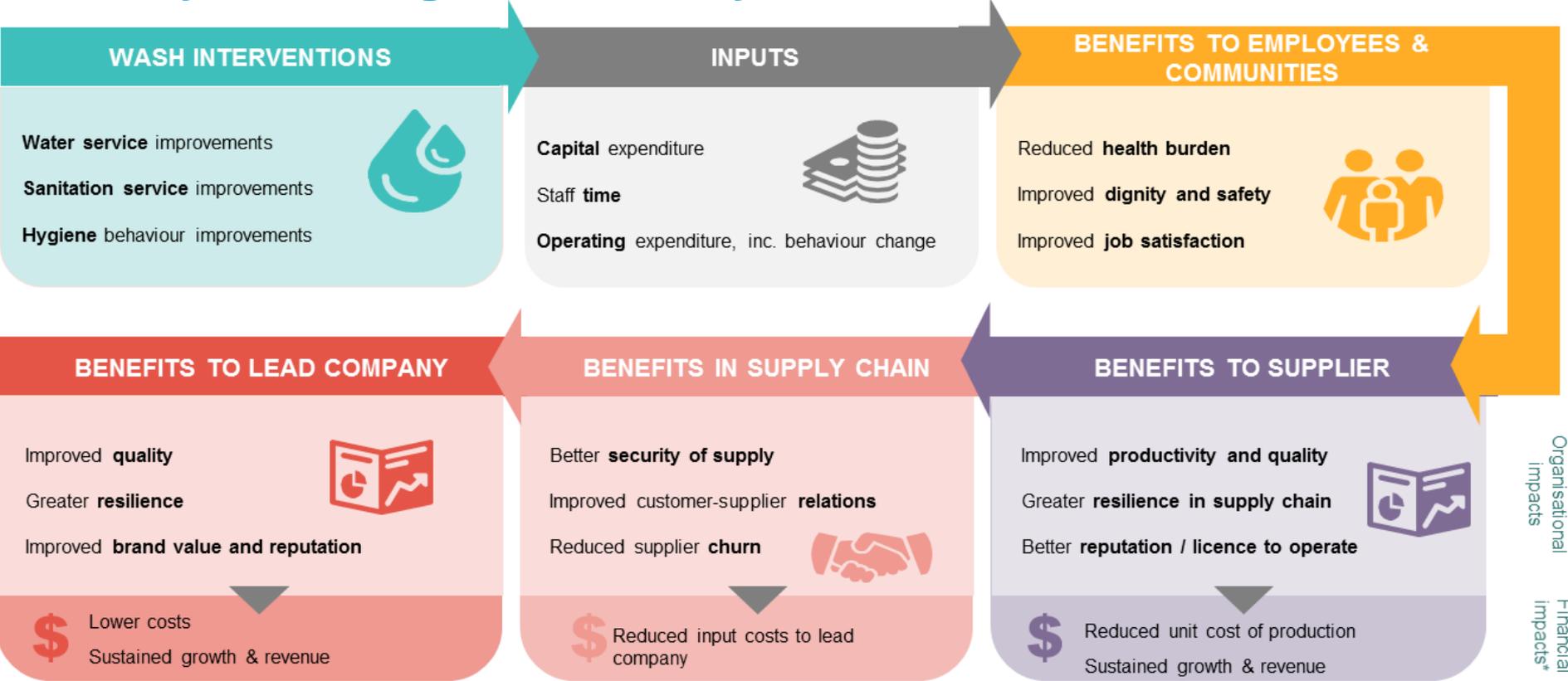
The SDGs are all encompassing, so it makes commercial sense to embed them into operations and strategy  
Find out more at [pwc.com/globalgoals](http://pwc.com/globalgoals)  
Source: UN DESA Working Paper No. 141, 2015

# Generating new evidence of the core business value of WASH in supply chains

So far, we have developed the theory of change and have engaged with a dozen companies about their WASH investments and data availability.



# Theory of change - summary



\*Financial impacts includes tangible & intangible

# Opportunities for you to get involved

1

Invest to  
enhance project  
outcomes

- Examine different countries, sectors, supply chain levels
- Analyse the sensitivity of ROI to business-specific factors
- In-depth primary study of qualitative drivers of ROI
- Toolkit to help businesses calculate their own ROI

2

Provide data on  
WASH  
investments

Information on WASH investments in your own operations or in upstream suppliers to more robustly pilot the methods and models we develop

For more information or to get involved, please get in touch.



Ruth Romer  
Private Sector Advisor  
**WaterAid**

[ruthromer@wateraid.org](mailto:ruthromer@wateraid.org)

# WASHopoly

Sara Traubel, WBCSD



# Where would you invest to drive progress on WASH in supply chains?

Develop an idealized approach to WASH in corporate **supply chains** and influence/ advocate for uptake within supplier codes and standards



Work with **certification schemes** and **performance standards** to embed WASH into their standards



Stimulate and support a global investigation by **journalists** and **human rights activists** to expose poor performance on WASH in corporate supply chains



Undertake a global study focused on establishing **quantitative financial data on the business case** for WASH investments



**Advocate for mandatory reporting** on WASH by signatories of sustainability initiatives, investment portfolios or within financial sustainability indices



**Develop a new certification programme** to audit and demonstrate good performance on WASH in supply chains



Launch **global campaign** with advocacy organizations to examine links between corporate tax policies, shortfalls in national WASH budgets, and the impacts that result



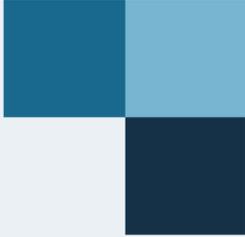
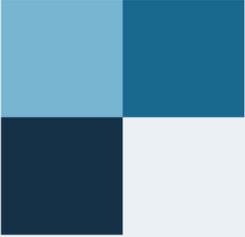
Undertake joint development with certification schemes, standard bodies, or companies to **test and demonstrate approaches** to WASH in supply chains



Other suggestions?



- Join one of our WASHopoly tables
- Make your investments
- Goals:
  1. Agree on your group's investments
  2. What is needed to take the investment forward?
- Table facilitators will lead discussion
  - Plenary feedback
- You have until 17:05



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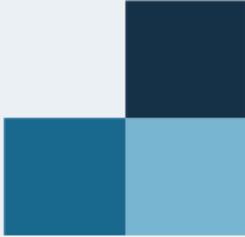
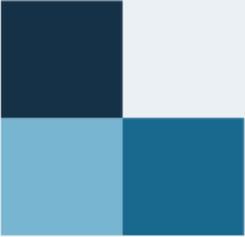
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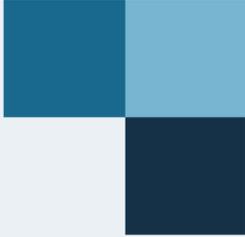
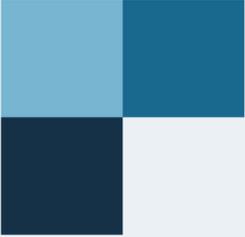
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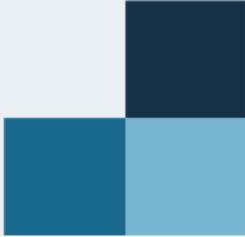
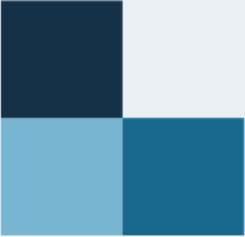
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# Next steps

Contributions from today's session will be available by end of September

- Make sure to leave your business card to receive a copy

We, as partners, will be looking to take forward a variety of options including:

- engaging with the Standards systems;
- working with companies on integration of WASH into supplier codes and codes of conduct;
- continuing work on data analysis to strengthen the business case; and
- continue work under WASH4Work umbrella which all three organisations (WBCSD, WaterAid, CEO Water Mandate) are involved in.



The CEO Water Mandate



wbcscd



# Thank you!

## Questions/Comments?

Mai-Lan Ha, CEO Water Mandate – [mlha@pacinst.org](mailto:mlha@pacinst.org)

Tatiana Fedotova, WBCSD – [fedotova@wbcsd.org](mailto:fedotova@wbcsd.org)

Sara Traubel, WBCSD – [traubel@wbcsd.org](mailto:traubel@wbcsd.org)

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