

Scaling Corporate Action on Access to Water, Sanitation and Hygiene in Supply Chains

White Paper

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Photo: Wateraid/ Nyani Quarmyne/ Panos

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Key Messages

- Access to water, sanitation and hygiene (WASH) is critical to meeting the array of Sustainable Development Goals set out by the 2030 Agenda for Sustainable Development.
- USD 1 invested in WASH returns around USD 4 to the economy (Hutton, 2015), at least partly through increased productivity, though defining the tangible business case for individual companies and specific interventions remains a key challenge.
- Businesses recognize the importance of WASH in their supply chains and progressive companies are beginning to invest in WASH to improve worker well-being, increase productivity, build resilient supply chains through increased trust with suppliers, avoid costs, and ensure their social license to operate.
- WASH is not a standalone issue. Addressing WASH is fundamental water stewardship practice and has positive implications for a variety of other sustainability priorities, from labor and human rights to sustainable agriculture, and should be integrated into existing policies and practices. This benefit needs to be more clearly communicated to businesses and their suppliers.
- Corporate actions on WASH in supply chains are diverse, from conventional compliance models which may only reach direct suppliers or contract factories, to more collaborative models that focus on worker well-being across supply chain tiers and can include raw materials.
- Many corporate WASH interventions only include hardware – toilets and taps. The most effective WASH interventions also include cultural and behavioral aspects.
- Major challenges remain for how to effectively address WASH in agricultural settings.
- Balancing the role of business with the role of government is still unclear. Understanding the role that business can play to increase government capacity to deliver on local water governance or to support other effective community level interventions can help address larger, systemic problems that also impact businesses.

Introduction

Increasing access to water, sanitation and hygiene (WASH) is central to meeting global development goals. The ambitious goals and targets of the 2030 Agenda for Sustainable Development on poverty, health, education, and economic growth are reliant on the management of water resources and access to sanitation, ensuring the needs of communities, economies, and the environment are met. At a macro level, increased access to WASH means healthier communities and increased economic growth, particularly in today's economy where three-quarters of jobs are reliant on stable water resources (WWDR, 2016). The latest UN World Water Development Report finds that making a USD 1 investment in water and sanitation leads to USD 4 in economic returns due to better health and productivity (WWDR, 2016). Though much of the attention has traditionally been paid to governments' responsibility to provide adequate water, sanitation and hygiene services, there is increasing awareness that businesses can play a pivotal role in ensuring better WASH outcomes.

Businesses' impacts on WASH are two-fold: their consumption and disposal of wastewater can impact local water availability and quality, limiting communities' access to clean and safe water, while their operations and supply chain initiatives can provide WASH services for employees and communities. Good corporate water stewardship practice tackles both these areas. Corporate water stewardship enables companies to understand and mitigate the impacts they have on water resources, particularly in water-stressed areas, provide workers with adequate access to WASH, and make the case for effective company investments and engagement in policy for better WASH outcomes for workers and communities where they operate. Expectations for company action related to WASH are directly related to their responsibilities to respect the human rights to water and sanitation, and for some companies, their interest in supporting those rights.¹ Guidance on company impacts related to water use was laid out in [Guidance for Companies on Respecting the Human Rights to Water and Sanitation](#). ***For the purposes of this paper, attention is paid to the role that companies play in influencing WASH delivery for workers throughout their supply chains. It should be recognized that looking at WASH through this lens combines not only water stewardship, but also labor practices. As such, standing international commitments for workers, such as the ILO conventions, guidelines, and recommendations, as well as relevant national laws and regulations will also be applicable to companies.***²

At Stockholm World Water Week 2015, the CEO Water Mandate, WaterAid, and the World Business Council for Sustainable Development (WBCSD) co-convened a session looking at how to further business action on WASH. There was general recognition that once businesses have policies and practices in place to ensure workers in their own operations have access to WASH (for example, by signing and implementing the WBCSD's [WASH at the Workplace Pledge](#)),³ they could make a more concrete and tangible contribution to the WASH agenda by improving WASH services for workers in their supply chains. Participants highlighted a number of challenges to addressing WASH in their supply chains and identified a need for additional research that would help companies take action. In response, the three convening organizations undertook this project on Corporate Action on WASH in Supply Chains to:

¹ UN Global Compact signatories are expected to both respect and support human rights. Supporting human rights includes voluntary, positive contributions that companies can make, such as investing in communities, promoting collective action, engaging in policy discussions, and so on.

² The ILO is reviewing its conventions and guidelines to highlight where WASH can be strengthened, and it will also be developing training on the new conventions and guidelines to be published November 2016.

³ The WASH Pledge is a tool to help companies implement best practice WASH at the workplace provisions. As of August 2016, 43 multinational/large companies have signed and are implementing the WASH Pledge, amounting to over 2.7 million employees.

- Understand current obstacles to improving WASH in companies' supply chains, particularly in key sectors such as forestry and agriculture,
- Explore and develop guidance, tools, and other resources to help companies use their influence to improve WASH in their supply chains,
- Explore the potential for developing and/or utilizing existing collaboration platforms addressing WASH issues.

This paper is the outcome of the first phase of the project, which explores the challenges and current approaches companies are taking to improve WASH for workers throughout their supply chains. As used in this paper, supply chains refer the sequence of processes involved in the production and distribution of a product and can include direct contractors, to trade processors, to materials producers, to farmers. These can span large manufacturers with their own supply chain to direct raw material processors which can be large or small scale. It lays out some initial findings based on

- desk research of companies' published policies,
- as a series of ten interviews with companies representing food and beverage, consumer goods, and apparel, as well as other organizations working with companies to implement WASH programs.
- feedback from participants at the 2016 World Water Week session 'Scaling-up WASH action in companies' supply chains: promoting sustainable growth.'

The Business Case: As it Stands

The Macroeconomic case:

- **Poor WASH leads to annual losses equivalent to 5% of GDP in sub-Saharan Africa countries. (UNDP, 2006)**
- **Inadequate WASH is associated with global economic losses of USD 260 billion every year, largely due to lost time and productivity. (WHO, 2012)**
- **Basic provision of WASH at home and in the workplace enables a robust economy by contributing to a healthy and productive population and workforce, with benefit-to-cost ratios as high as 7 to 1 for basic water and sanitation services in developing countries. (OECD, 2011a and 2012a)**

Healthier workers can result in reduced staff turnover, an increase in employee retention, and employee satisfaction. Long-term community investments in WASH can lead to improved attendance and academic performance at schools, leading to a better educated and prepared future workforce. WASH may also offer a market opportunity for those interested in developing products around WASH. (For more on this, see the forthcoming [WASH4Work](#) business case white paper.)

Business Examples:

Concrete data on the business case for WASH at site level is currently lacking. However, there has been some anecdotal evidence that supports the business case for WASH interventions:

‘Access to water and sanitation leads to healthier factory employees, which in turn leads to better performance and less absenteeism.’ – H&M, 2015, CDP Water

‘Waterborne diseases have reduced so we pay less sick days. Efficiency is increased, definitely.’ (Tea Garden Manager, Sylhet, Bangladesh – post-WASH intervention) – Wilbur and Huggett, 2015

‘The work of the Foundation was developed in benefit of municipalities regarding urban planning, especially in... public health (water supply, sewage...) and fostering the development of public health systems. Another considerable benefit is the increase in workforce availability by the reduction of water-related diseases.’ – Vale, 2015, CDP Water

Others have noted that poor WASH conditions on farms may be particularly problematic in horticulture settings where products are often harvested by hand and, in many cases, eaten raw. In these circumstances contamination from poor sanitation and hygiene practices by field workers could lead to bacterial contamination that lead to products recalls, possible lawsuits, or regulatory fines, which will ultimately impact businesses.

Levi Strauss & Co. is one of the few companies who have tried to quantify the impacts of their WASH-related interventions. Levi’s work with the *Her Project* included work on menstrual hygiene and saw a 55% fall in factory absenteeism during the six months of the project and a turnover rate that dropped from 50% to 12%. One factory calculated a USD 4:1 return on investment for engaging in the project (BSR, 2010).

A short survey administered by the CEO Water Mandate, WaterAid, and WBCSD in April 2016 which looked to collate existing data from companies related to the business benefits of their WASH interventions revealed very limited data. In most cases, companies have either not yet attempted to prove the direct business benefits of their interventions, or they have not been able to obtain the relevant data to make the connection.

Nevertheless, businesses are interested in understanding the impact that WASH can have on:

- 1) Employee satisfaction/morale
- 2) Absenteeism, productivity levels and general health outcomes
- 3) Relations with communities, consumers, and civil society
- 4) Product quality
- 5) Supply chain resilience /productivity

Similarly, the handful of companies that reported the type of information they collect in relation to WASH outcomes highlighted that they did so in order to:

- 1) Improve reputational outcomes with local communities and regulators
- 2) Improve relationships with suppliers
- 3) Increase productivity or reduce worker absenteeism
- 4) Incorporate into risk management
- 5) Understand and measure employee pride

These findings suggest a general recognition that WASH investments may lead to positive business outcomes. Companies including [Levi Strauss & Co.](#) and [Gap Inc.](#) have seen benefits related to retention, reduction in absenteeism, etc. in existing WASH interventions. However, connecting a particular intervention to a particular outcome remains challenging.

The lack of data around specific interventions and connected business benefits poses a potential barrier to moving from action by leading companies and others (e.g. SMEs) who may understand the intrinsic value of WASH investments to reaching the array of companies who need a solid business case for WASH investments. Further work in this area will be needed by governments, civil society groups, and businesses working on WASH, especially to make a strong business case for investments in WASH in agricultural supply chains. Concrete data tying these elements together is currently lacking and will be a focus for future work.

Supply Chains and WASH Challenges

Companies increasingly recognize that many of their labor and water-related challenges are not confined to their owned and operated facilities, but that they also exist in their supply chains. Increasing consumer and public awareness of social, labor, and environmental issues in supply chains, combined with companies' own awareness of their supply chain risks, have led companies to pursue strategies to instill sustainability practices throughout their extensive and complex supply chains. This paper uses two generic examples from the food and beverage, and the apparel and textile industries, both of which have taken a particular interest in addressing WASH issues. Both industries have major water footprints in agriculture, which consumes 70% of the world's water resources (WWDR, 2016). Agriculture also happens to be a major employer in developing countries where WASH issues are particularly salient and where there is significant room for progress. The apparel and textile industry has many programs tied to the health of factory workers, which has led to their focus on WASH. Workers in apparel and textile production and in rural/agricultural contexts are also predominantly women. Today, 60% of women working in sub-Saharan Africa and South Asia work in agriculture (ILO, 2009), and are disproportionately affected by lack of WASH. However, the issue of WASH needs to be understood as one among a range of sustainability issues. Figure 1 highlights the array of issues facing the food and beverage industry throughout its value chain:

Figure 1: Major Sustainability Issues in the Food and Beverage Industry

ISSUES IN THE FOOD AND BEVERAGE INDUSTRY

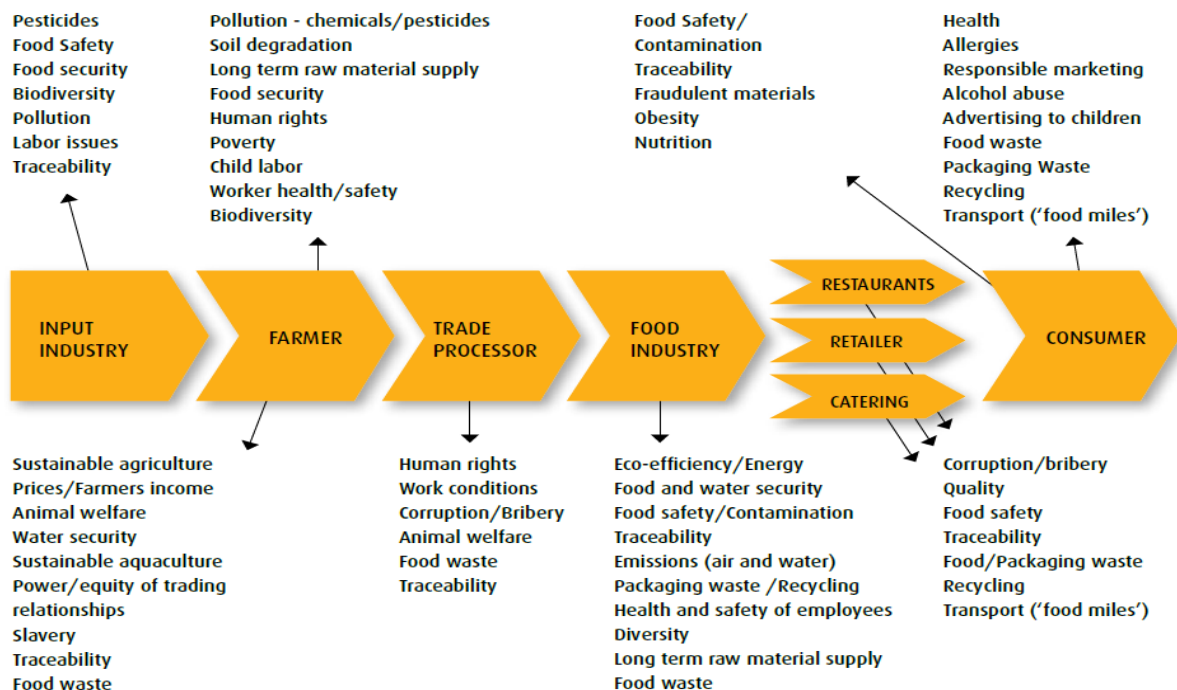


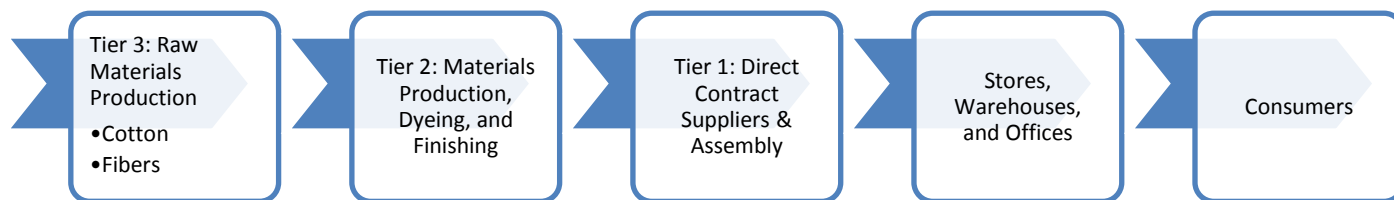
DIAGRAM 3: ISSUES IN THE FOOD AND BEVERAGE INDUSTRY

"Ionescu-Somers, A. and Steger, U. (2008) *Business Logic for Sustainability: A Food and Beverage Industry Perspective*, Palgrave Macmillan. UKL Page 39"

Source: SAI, IMD, ITC, IDH (2013) [Sustainable Sourcing of Agricultural Raw Materials: a Practitioner's Guide. Test Manual for Phase 1](#)

The apparel and textile industry, similarly, has a complex value chain which is generalized in Figure 2:

Figure 2: Conceptualisation of the Apparel and Textile Supply Chain



Adapted from: [ZDHC Systems Map](#)

Some of the major issues highlighted in the food and beverage industry's supply chain are also salient to the apparel sector, such as those related to labor, health and wellbeing, sustainable agriculture, water security, pollution, and human rights. WASH for workers is relevant and impacts all these issue areas. **Therefore, tackling WASH can become a cornerstone for effectively addressing other key sustainability issues.** However, addressing WASH in the workplace also brings with it some unique challenges, including:

- Conditions in offices, in factories, and on farms vary widely, from large, sparsely populated agricultural settings to tens of thousands of workers in mega factories working on assembly lines. The cost of these interventions may vary widely based on these different circumstances
- Understanding and effectively responding to the connection between a community's access to WASH and related issues in the workplace can be difficult.
- Behavior change, not just the installation of hardware (such as taps, toilets and sinks), is critical to ensuring the effectiveness of WASH interventions.

A non-exhaustive list of some WASH issues experienced by workers and some key behavioral change components of WASH that should be considered when undertaking WASH interventions are included below for reference:

Hardware-Related WASH Issues – Examples	Applicable Context
Absence of potable water, toilets, handwashing facilities, showers and/or lack of attention to the accessibility of services for all types of workers <ul style="list-style-type: none"> - Particularly important where workers are using chemicals, pesticides, or other products that would need to be cleaned/washed away - Lack of facilities precludes women and girls from having time and privacy to attend to menstrual hygiene needs 	Factories, farms and offices
Absence of adequate menstrual hygiene materials and services for their disposal <ul style="list-style-type: none"> - Examples: No provision of sanitary napkins, subsidies to help defray costs, facilities to wash or dry menstrual cloths, lack of facilities for disposing of sanitary pads or menstrual cloths 	Factories, farms and offices
Absence of hot water and unsanitary or overcrowded conditions in dormitories	Factories and farms
Inability to access potable water, sanitation, and hygiene services due to work schedules <ul style="list-style-type: none"> - Example: Only one break during an eight-hour day, inability to leave the assembly line to use facilities during peak production hours - Long hours on farms during harvest season 	Factories and farms
Inability to access potable water, sanitation, and hygiene services due to incentive structure <ul style="list-style-type: none"> - Example: Workers are paid according to quantity they pick, leading them to skip water or toilet breaks in order to increase their yield 	Farms

Behavioral change components of WASH – Examples
Cultural acceptability of sanitation services <ul style="list-style-type: none"> - Understanding what type of sanitation services are culturally acceptable and will be used by a certain community
Increasing workers’ understanding of the importance of proper hygiene <ul style="list-style-type: none"> - Finding mechanisms to motivate workers to adopt more hygienic practices (such as washing hands with soap at critical times, safe water handling, safe excreta disposal)
Cultural barriers related to discussions about menstrual hygiene <ul style="list-style-type: none"> - Difficulty raising menstrual hygiene matters with male managers - Managers don’t understand the need for additional time in the toilet or washroom
Absence of information on good practices on handwashing with soap and menstrual hygiene
Understanding that good sanitation and hygiene practice is critical to product quality <ul style="list-style-type: none"> - This is relevant in the production of products but also the type of product. For example, for horticulture (fruits and vegetables) which is often eaten raw, poor sanitation may lead to product safety issues

Behavioral change aspects of WASH are important to consider as sanitation and hygiene are intricately linked to social norms. To ensure the use of WASH services requires understanding the underlying norms that may help or hinder certain types of interventions and the design of facilities or education programs that overcome cultural barriers and meet local needs. Further adding to the complexity is that companies’ supply chains span vast geographies where the adequacy of water governance fluctuates. Though some companies may source their materials from geographies with a relatively strong governance environment, like California or Australia, others are dependent upon agricultural products grown in places where there is little capacity to develop and enforce standards or regulations. Similarly, manufacturers face challenges related to where their contract factories operate, often in regions of the world with vastly different local government capacities and legal environments. In these circumstances, corporations working to bring supply chain changes are less able to rely on the regulatory environment to set a baseline on issues like WASH for workers and must rely on their own programs and practices.

Company Approaches to Addressing WASH

Company Structures and Accountability

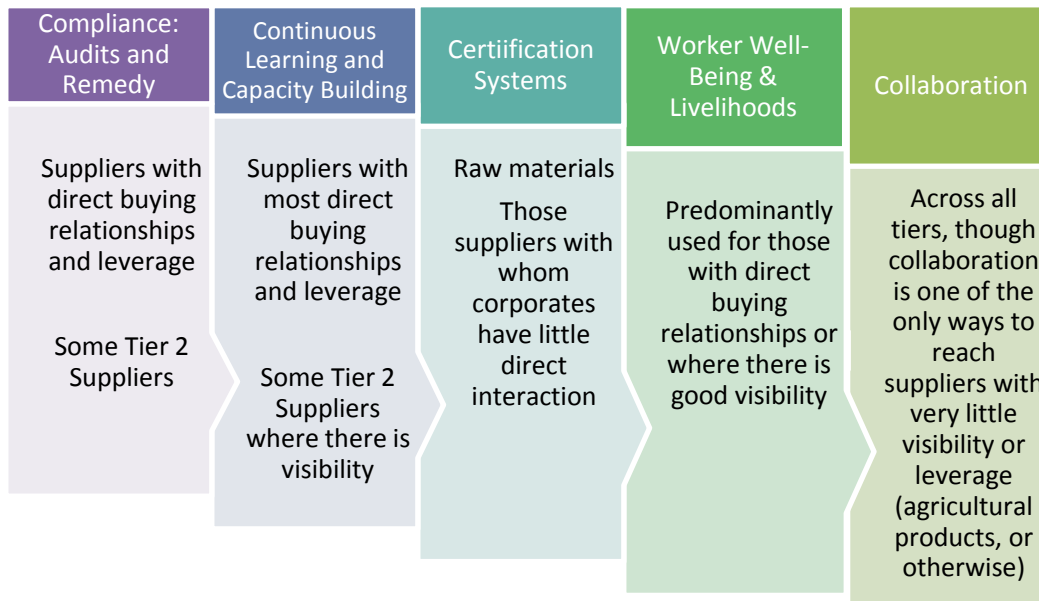
The complexity of WASH for workers in supply chains requires companies to take a multi-pronged approach to WASH. As it touches on labor, health, safety, and environmental aspects, and water stewardship generally, the approach that companies take to tackling WASH means that it has the potential to be orphaned or subjugated to other topics. In some circumstances, as a standalone topic, it may be deemed less important to the company. ***Understanding the importance that WASH has for meeting other sustainability goals, whether it is to ensure greater protection of human rights, to help meet the company's water policies and commitments to water stewardships, or to achieve sustainable procurement and more resilient supply chains, can ensure that it is not overlooked. An integrated approach that addresses all water impacts and risks is vital.*** In this manner, companies may need to create a cross-functional approach, situating the issue within a team, such as those responsible for water, but then ensuring that the issue is taken up by those working in operations, procurement, environmental, or social issues who have responsibility for not only developing but also implementing policies. In this way, the issue of WASH gets embedded into a variety of policies and implementation structures that apply to not only to the companies' owned and operated facilities but also beyond, into supply chains and local communities.

Building accountability for WASH is also important, requiring ownership and buy-in by relevant business units or local subsidiaries. One way of doing so is to create internal accountability structures and reporting around WASH. For the most part, corporations are situating such action in their corporate water policy or stewardship teams. However, reporting on WASH is still fairly weak. In the aforementioned WBCSD, CEO Water Mandate, WaterAid survey, only 50% of respondents had internal reporting mechanisms for WASH, indicating that there is a significant gap to be filled that covers not just the number of beneficiaries from WASH investments but the impact of these investments.

Company Action

Company policies and programs on WASH in the supply chain span an array of approaches from compliance-based to collaborative models. A brief summary of these options is shown in Figure 3, with further discussion to follow.

Figure 3: Types of Business Action



Compliance – Audits and Remedy to Learning and Capacity Building

Compliance-based models are a common method of ensuring WASH for workers across companies' owned and operated facilities, contractors, and suppliers. Compliance-based models integrate WASH, to a greater or lesser extent, into companies' standards, such as responsible sourcing guidelines or supplier codes of conduct. In most cases, such standards and their associated audits are only applied to companies' Tier 1 suppliers, those with whom they have ongoing contractual relationships and therefore relatively more insight and leverage. Assurance is often maintained via third party audits that identify areas of non-compliance, corrective action, and sanctions. Some companies apply their code and audits across all Tier 1 suppliers, while others may choose to apply third-party audits for only those suppliers they deem to be at higher risk by employing different criteria such as:

- Commodities that are at higher risks for worker rights violations
- Regions where there is the highest risk of sub-standard working conditions
- Certain contractors/suppliers that might pose the greatest risk to the company if there is an infraction causing major disruption to the company

Some companies are using compliance-based models to extend visibility into their supply chain, by mapping their Tier 2 suppliers and seeing whether audit programs for WASH can be applied there as well. However, compliance and audits carry with them challenges, creating a potential 'tick-box'-based exercise or even adversarial relationships between suppliers and their customers that limit the success of sustainability initiatives. In addition, the resources required to complete audits for extensive supply chains limit the range of audit-based models. Some companies are augmenting their approaches by:

- *Moving from third-party audits towards self-assessments:* Shifting from third-party audits to self-assessments usually occurs for a select group of companies that have 'passed' or had good ratings on third-party audits over sequential years on an array of issues including WASH. Self-assessments may facilitate a shift toward a trust-based relationship with suppliers and act as a mechanism to create local ownership of sustainability. Some companies may also use third-party audits to verify the accuracy of self-assessments.

- *Utilizing scorecards or creating lists of preferred suppliers:* Companies may use audits and assessments to create scorecards that help create competition between suppliers to drive change. Rather than implementing sanctions for poor performance, identifying ‘preferred’ suppliers who qualify for longer-term contracts or higher prices creates incentives for positive action. Companies may also designate preferred groups of Tier 2 suppliers from whom they expect Tier 1 suppliers to source.

To alleviate audit fatigue, some companies utilize organizations such as the Supplier Ethical Data Exchange (Sedex) where WASH aspects can be integrated into a broader range of issues. Companies also may use audits to identify opportunities for learning. The emphasis of such an audit is to highlight potential deficiencies in order to develop plans of action. Suppliers are judged based on how they work on the subsequent long-term corrective action plan rather than the outcomes of an audit, shifting the emphasis from compliance to continuous improvement. Companies also offer guidance, often covering sub-elements of workers’ rights to help suppliers understand the issues, improve self-assessment, and understand best practices. The degree to which these programs explicitly cover WASH is unclear, though some companies have created water-specific modules.

The Role of Certification

For commodities or segments of their supply chain with whom they have no business relationship, some companies have turned to certification systems. For example, Unilever is using certifications from the Rainforest Alliance, Roundtable on Sustainable Palm Oil (RSPO), Fair Trade, Marine Stewardship Council, Forest Stewardship Council, or organic certifications recognized by IFOAM to help it meet its policy on sourcing all raw materials responsibly. These certifications cover some elements of WASH, though the exact elements that are covered lack consistency. Below is a table of a few standards that highlight some of the differences:

WASH Integration		Implementation Mechanism
Labor Oriented Sustainability Standards		
SA 8000	Mandates potable water and toilet facilities	Audits and certification; these also have chain of custody certification. Training provided as needed.
FairTrade International & USA	Mandates potable water, clean gender-separated toilets, clean washing facilities, showers (for agriculture workers), and in the correct proportion to the number of employees	
UTZ Certified (sustainable farming)	Access to potable water is required 1 st year of certification, while toilet, handwashing, and other basic hygiene is required from year 2 onwards	
Commodity Oriented Sustainability Standards		
Better Cotton Initiative	Requires potable water	Audits and certification; these also have chain of custody certification. Training provided as needed.
Roundtable on Sustainable Palm Oil (RSPO)	Calls for HSE plan, no specific WASH elements	
Forest Stewardship Council	HSE practices that meet or exceed ILO code of practice on safety and health in forestry	

	work (which calls for potable water)	
Other Sustainability Standards		
AWS	Provide access to safe drinking water, adequate sanitation, and hygiene awareness	Audits and certification. Trainings provided as needed.

Challenges of Compliance-Based Models

For the most part, codes, audits, and certification are limited in what they can assess as well as the corrective actions that they can enforce. Where WASH is covered, they only cover the hardware-based components of WASH, focusing on issues such as whether potable water or toilets are available. Some questionnaires or audits may include sections related to whether workers are given adequate breaks, though not all of them do, and few cover issues such as hygiene and menstruation. Based on an overview of codes of conduct and questions about auditing programs, none cover the behavioral change aspects of WASH (e.g. understanding whether workers were actually using available facilities or whether they met the needs of workers). Further, auditing requires significant resources to implement, which can be a deterrent to bringing efforts to scale and the inability of such systems to currently measure impact.

Worker Well-Being, Livelihoods, and Collaborations

Beyond compliance, companies are developing programs that focus on increasing workers' well-being or farmers' livelihoods. Identifying the types of topics that these programs undertake may come from an assessment of companies' audit programs, though they usually require direct engagement with workers on farms or in factories to understand their needs. These programs often cover such issues as:

- 1) Educating workers on their rights
- 2) Involving workers in production decisions to improve productivity and worker well-being
- 3) Economic empowerment programs (such as financial literacy)
- 4) Health programs that include hygiene, sex education, and reproductive health
- 5) Environment programs that cover issues of water access, environmental preparedness, and resilience
- 6) Basic education opportunities
- 7) Improving market access opportunities

These programs go beyond philanthropy and are instead based on the understanding that healthy workers are pivotal to the well-being of the company. Companies are embedding the programs through a variety of means. Some have made WASH delivery a part of their water and sustainable agriculture programs, while others have created the programs within broader worker well-being initiatives.

These programs have a number of similarities including:

- 1) A focus on creating long-term good relationships with suppliers in order to strengthen their supply chains.
- 2) Grounding programs via engagement with workers to identify local needs.
- 3) To the extent possible, increasing local ownership of the programs by co-funding the programs with suppliers or embedding the program into supplier operations.
- 4) Working with relevant implementation partners who can act as subject matter experts and neutral facilitators for the programs.

WASH is usually just one of many issues being implemented at the local level depending on the identified needs by the local communities.

Company	Program
Levi Strauss & Co.	Improving Worker Wellbeing Includes economic empowerment (standard of living, financial education and literacy, access to financial products and services), good health (hygiene, sexual and reproductive health, nutrition, children's health), equality, education, access to safe environment (water and sanitation, mobility, environmental preparedness and resilience).
Nestlé	Development Framework to Improve the Lives of Farmers Includes training on women's empowerment, nutrition, and access to clean water and adequate sanitation. Working with farmers to improve performance with training for both poorer performing and elite farmers. Focuses on owner-operated family farms on water and environmental sanitation for communities.
Olam International	Livelihood Charter Focuses on improving financial capacity, labor, yield, market access, traceability, social investment, and environmental impact to engage small-scale farmers. WASH programs may be identified via engagement at the farm level.

One of the significant added benefits of undertaking such an approach is the possibility of addressing not only the hardware aspects of WASH, but also the behavioral aspects, by working with workers on issues such as hygiene education or with management on menstrual hygiene issues. The approach also allows program implementers to get a much more nuanced understanding of the types of interventions that will lead to positive, long-term outcomes.

Another avenue that companies have begun to explore is to incorporate WASH into broad industry initiatives. For example, WASH is integrated into good practice as outlined by the Pharmaceutical Supply Chain Initiative and the Electronics Industry Citizenship Coalition, and is being explored as part of the Sustainable Agriculture Initiative Platform. By working across companies in an industry, common norms can be set and good practice leveraged by an array of companies rather than taking independent siloed actions.

Looking Forward: Opportunities and Challenges

Worker well-being and livelihoods programs hold a great deal of promise, though scaling them is a much more significant challenge. One of the issues that limits the growth of such initiatives is pressure suppliers already face to meet an array of requirements placed upon them by buyers, such as price of product, quality, quantity, short-turnaround orders, and other sustainability targets. The long time between investing in WASH programs and realizing benefits (healthier workers, long-term contracts, etc.) limits their uptake, though to address this problem some buyers are developing co-investment models. Similarly, for corporations, such investments may require the need to better understand the direct impacts of the programs. Thus far, this type of evidence is limited, though companies are now looking to see if they can make general connections between the interventions, the overall well-being of workers, and business outcomes. The ability to build a business case for such interventions may be a prerequisite for some and may be needed to scale action, though in some circumstances companies realize the moral imperative or have the intuitive understanding that healthy workers in their supply chains are, in general, good for the overall long-term success of the business.

Another challenge is setting the right type of target for the programs. WASH programs that are focused only on meeting the highest number of beneficiaries or the most cost-effective may sway companies to invest in workers in urban or

peri-urban areas as they can reach more workers, or number of people served, even if it would be better to make investments in rural areas, which would reach fewer workers, but may be more urgently needed. Similarly, companies may be keen to set up their own programs rather than to invest in a local government intervention or other community investment effort in order to be able to make a case for how the business contribution brings about a particular business benefit. Further research into these areas will be necessary.

Issues on the Frontier

One of the major challenges identified by companies was the inability to influence agricultural settings. Though companies have utilized a variety of programs, their visibility and ability to affect change has so far been limited. Companies identified two especially challenging scenarios:

- 1) Large plantations/industrial farms – The sheer size and topography of modern agriculture make it a technical challenge to define, implement, and enforce standards.
- 2) Smallholder agriculture – These farms are generally only a few hectares and farmers are battling extreme poverty. It is unrealistic in some circumstances to expect smallholder farms to provide infrastructure and training on WASH. Hundreds of thousands of smallholder farmers may be involved in the production of a single commodity crop, making it difficult to achieve scale in implementation. They may also rely on significant numbers of seasonal migrant laborers making it more difficult to meet all workers' needs.

Guidance or models are needed to address both types of agricultural systems. There are currently very few resources that address these scenarios.

Some companies are also beginning to understand the connection between workplace-centered programs and community-centered programs, and the need to approach both communities and the workplace to create a more holistic approach to WASH.

One of the greatest underlying challenges for any business action on WASH is related to balancing the role of business with the role of government, particularly in regions where governance is weak. Beyond actions that companies can take in conjunction with their suppliers, their ability to influence and bring about greater government action will be critical. Government ownership of the underlying issues that negatively impact WASH outcomes, whether it is related to regulations on water use, wastewater discharge, or the lack of physical infrastructure that affect communities' access to WASH (no WASH in households or schools, for example) has a direct bearing on workers. Companies are recognizing that issues in the workplace are intimately tied to issues within the community, so they need to support the systems and institutions responsible for their WASH provision, including behavior change components. However, the role companies can play in changing conditions in both scenarios is still somewhat undefined. A better understanding of the role that companies can play to increase government capacity to deliver on local water governance can help to address larger, more systemic problems, or to find the right avenues to support community investment programs that address workers' needs.

Conclusion and Next Steps

A few **key lessons** for corporate action on WASH include:

- 1) Create incentives for strong supplier performance: reduce audits, introduce preferred supplier programs, increase business recognition and awards, share costs for improvements, provide price premiums or extended contracts.
- 2) Move from compliance to collaboration with suppliers to place empowerment of workers as the goal/focal point of supply chain engagement strategy, which shifts the focus of the audit from a ‘tick-box’ exercise towards one that builds trust and free flow of information that enables companies to understand and address root causes.
- 3) Work with development partners (NGOs, development agencies, and others) bilaterally or in broad coalitions to improve capacity-building support to common groups of suppliers.
- 4) Engage and support local and national governments directly to address governance issues to ensure that of water and sanitation services and hygiene promotion are adequately delivered.
- 5) Align sourcing with social and environmental performance, including WASH, so that business decisions do not undermine desired outcomes.

Potential avenues to explore further action on WASH in supply chains include:

Area of Action	Type of Action	Potential Impact/Coverage	Amount of Effort
Audits	a) Establishing a common minimum standard for WASH, both hardware and behavioral elements, which can be integrated into companies’ existing audit processes.	Low (impact), Medium (coverage) – As most companies do at least some supply chain audits, a common minimum standard for WASH would allow companies to augment their existing efforts and ensure a more consistent and comprehensive approach across a large population of suppliers.	Medium – There are existing resources that can help establish a baseline. Most of the effort would be in getting the minimum standards adopted by relevant companies and auditing organizations.
	b) Developing good practice guidance on moving from a compliance-based approach to capacity-building.	Investing in capacity-building could bring about significant improvements and ownership by factories. However, the success of compliance and audit models is limited. For companies with existing compliance-based approaches, managing a transition to capacity building would take time and significant effort, from socialization to implementation and scalability.	Developing guidance for moving from compliance to capacity building should be straightforward, though implementation will be difficult. Questions to be answered: <i>How useful is this for companies?</i> <i>Would companies need support other than guidance about what should be included?</i>

Certification	Standardizing WASH elements into certification schemes (such as RSPO, Rainforest Alliance etc.).	<p>Medium (impact), Low (coverage) – Certifications reach a variety of contexts, from smallholder farms to larger plantations, so can reach those segments of the supply chain that companies cannot directly reach.</p> <p>Lack of consistency across certifications presents challenges for companies with more than one sustainability-certified raw material. Certifications only cover a limited segment of the market, and not all products or materials whose producers could benefit from improved WASH have certification schemes.</p>	<p>High – Significant amount of effort coordinating with the number of sustainability certifications though a staged approach could be taken, beginning with a couple of certification schemes.</p> <p>Questions to be answered: <i>How useful is certification for major corporations?</i> <i>Is it a critical tool or is it too limited?</i></p>
Industry-led platforms	Integrating WASH components into industry-led efforts (such as SAI Platform, Sustainable Apparel Coalition, Electronic Industry Citizenship Coalition).	<p>Medium (impact) – Goes beyond compliance to capacity building and training which could lead to better outcomes.</p> <p>Medium (coverage) (depends on size of coalition/ industry body) – Leverages existing coalitions. Agreeing to common criteria, trainings or programs, developing sector specific guidance that reaches all areas of the supply chain may be a cost effective and efficient manner for programs on WASH, rather than single company action.</p>	<p>High – High amount of effort to map and determine which platforms are most promising and how to integrate WASH into these programs.</p> <p>Questions to be answered: <i>What sectors utilize industry level platforms?</i> <i>Is WASH currently considered a salient issue for the industry?</i></p>
Scaling/ strengthening 'bottom up' approaches, including corporate-level well-being and livelihood programs	Replicate and scale 'bottom up' approaches that focus on needs of workers at farm or factory level. This might include Better Work Programs, UNICEF's supply chain projects, or other worker well-being, livelihoods, or community centered approaches that could	<p>Medium (impact), Low (coverage) – This avenue has potential because: a) insights from local implementation could be integrated into wider-scale programs, in particular around understanding workers' needs, and b) working directly with factories provides local ownership and offers</p>	<p>High – Successful initiatives exist but bringing them to scale might take significant effort requiring high levels of coordination, monitoring and evaluation, etc.</p> <p>Questions to be answered: <i>Which bottom-up approaches are currently most effective at addressing WASH challenges?</i> <i>What elements do the most</i></p>

	<p>have a WASH component.</p> <p>Coordinate partnerships/collective action activities with companies, suppliers, local NGOs, or development partners to advance WASH in strategic geographies.</p>	<p>opportunity to integrate WASH with other workers' needs, and to improve local leadership on other social and environmental sustainability issues.</p> <p>Achieving scale via hundreds or thousands of local initiatives would be challenging.</p>	<p><i>effective approaches have in common, which elements must be tailored to the local context? Do we have a clear idea of the array of worker well-being programs/livelihood programs to learn from?</i></p>
<p>Delineating the role that companies can play to support systemic changes that bring about positive WASH outcomes</p>	<p>Developing guidance/a toolkit that delineates roles that companies can play in supporting government action on WASH. Guidance can include how companies can work with governments to make investments in ongoing WASH interventions or that support local government actions that support WASH.</p> <p>These would need to be tailored, emphasize the leading role of governments, and ideally be developed in partnership with government.</p>	<p>High (potential for long-term impact) – Companies can help governments meet their own responsibilities. This can address some of the systemic issues that hold back good WASH outcomes.</p> <p>Moving from guidance/theoretical thinking to action can prove to be a barrier.</p>	<p>Medium-High – Depending on the type of guidance needed.</p> <p>Questions to be answered: <i>What kind of interventions would be welcome by government? Are there any examples of companies advocating for effective WASH, considering WASH as a fundamental condition for investing in new sourcing countries, or adding WASH to government relations agendas?</i></p>

These areas can be explored in the next phase of this project pending interest of key stakeholders and available funding.

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