



GLOBAL COMPACT

Communication on Progress

Year: 2011

Executive Summary

WaterHealth India (WHIN) is a community water systems company that sets up decentralized water purification plants that provide affordable and high quality potable drinking water to underserved or unserved communities. Currently the company has its largest presence in the state of Andhra Pradesh and nominal presence in other states. The company is agnostic to technology and remediates any kind of contamination including Iron, Manganese, Arsenic, Fluoride, Microbiological, etc.

The company is a wholly owned subsidiary of WaterHealth International, a US based company that runs subsidiaries in Philippines and Ghana, apart from India and has a Joint venture with AK Khan in Bangladesh. While currently WaterHealth India serves about 2 million consumers, it is pursuing an ambitious goal of serving over 100 million consumers by 2015.

Vision

“To become a leader in providing scalable, safe and affordable water solutions to the underserved through innovative business models”

Mission

“Serve over a 100 million consumers by the year 2015”

Values

1. **Integrity:** to follow high level of ethical standards and epitomize associated virtues
2. **Agility:** to change or morph in line with business needs and environment
3. **Tenacity:** to valiantly rise (rebound) from failures and setbacks
4. **Courage:** to pursue a path that is ‘un-treaded’ to chart one’s own destiny
5. **Creativity:** to question the obvious and ‘accepted’ ways of doing things

About the Company

WaterHealth India (WHIN) is a 100% subsidiary of WaterHealth Inc. USA, started operations in June 2006. WaterHealth India follows Build Own Operate and Transfer (BOOT) Model to provide safe drinking water to the rural under-served, through setting up of community water purification systems.

Currently WHIN has installed over 440 water purification centres in **Andhra Pradesh, Punjab, Gujarat and Tamil Nadu** serving about 2 million rural population base, and is gearing up to spread its presence across other states. WHIN runs ‘**Decentralized**’ WaterHealth Centres that can be quickly established. WHINs State of the art technology platforms leverages quality solutions for providing safe drinking water solutions to customers at low cost.

The company comprises of two major business units i.e. Capital Business Unit (CaBU) involving sale of plants and Consumer Business Unit (CoBU) which provides purified water to consumers. Both these businesses run disparate operations but share common services i.e. Supply Chain, HR, Finance, Information Technology etc.

Commitment Statement by Chief Operating Officer:

WHIN is a socially responsible corporate with a strong commitment towards all its stakeholders including its employees, customers, partners, suppliers and the community. While WHIN is committed to practicing the ten principles of UN Global Compact, certain cases (given the nature of environment in which WHIN operates) do not require WHIN to take on any specific action(s). Also while WHIN has made a modest beginning in implementing certain tools/processes to meet the requirements of the ten principles, the company will be tested to implement these within the stakeholder organizations. Regardless, WHIN is committed to driving the principles of UN Global Compact relentlessly in its ecosystem.

10th August 2011, Vikas Shah, Chief
Operating Officer

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	Global Compact Principle	Commitment/Policies, Action Taken & Impact Achieved and/or Plans for the upcoming Year
☒	<p>1. Businesses should support and respect the protection of internationally proclaimed human rights;</p>	<p><u>Commitment/Policies</u></p> <p>WHIN’s organisation wide policies uphold the basic human rights provided by Constitution of India. The company conforms to all the constitutional and legal rights of all employees.</p> <p><u>Action Taken</u></p> <p>WHIN’s current policies and programs empower all employees and other stakeholders the right to freedom of opinion and expression. Some of the tools used for this objective are listed below.</p> <ol style="list-style-type: none"> I. The company runs a process of employee grievances and redressal through its HR function, through which the employees can either escalate issues or use the drop box to communicate their grievance. All such grievances are addressed confidentially in a speedy fashion. II. A monthly program called COOnect is conducted every month. Through this forum employees have an opportunity to meet the Chief Operating Officer and seek redressal to any problem or issue. III. In addition to this WHIN conducts a quarterly town hall meet (SAMWAD). Through this meet employees get an opportunity to address all their queries and concerns to the Senior Leadership team for redressal. IV. Apart from these structured programs, WHIN follows an open door policy wherein employees are free to access the senior leadership for redressal of any issues. <p><u>Outcomes</u></p> <ul style="list-style-type: none"> • Over the last one year few instances of employee grievances were escalated and resolved to the satisfaction of the grieving party. • Over the last year more than 50 issues and problems reported by employees and other stakeholders pertaining to various functions have been resolved through the COOnect program. • SAMVAD is a forum where many such grievances are addressed/resolved. Issues that are not resolved are assigned to the respective functional head for resolution and the Chief Operating Officers (COO) office follows up the progress on the redressal. One such initiative that has been implemented is the Hardship allowance policy for the benefit of those employees who have to undergo a lot of hardship while working in remote areas. • WHIN conducts Exit interviews for employees who resign and analyse the reasons for employee dissatisfaction. The inputs are used to modify the existing policies. • WHIN also conducts Employee Satisfaction and Work Place satisfaction surveys to gauge employee perception of the organisation, leadership team and the various policies/processes.

		<p>Plans for the upcoming year</p> <p>For the upcoming year WHIN will set up clear matrix to measure and resolve the grievances in a timely and impartial way.</p>
<input type="checkbox"/>	<p>2. and make sure that they are not complicit in human rights abuses.</p>	<p>Commitment/ Policies</p> <p>WHIN commits to protect human dignity and uphold the human rights of all employees such that these rights are never infringed.</p> <p>Action Taken</p> <p>The company runs the systems at two levels in order to ensure that human rights are never abused.</p> <ol style="list-style-type: none"> I. At the first level WaterHealth India runs companywide policies and processes that protect the human rights (of all stakeholders) like sexual harassment and equal employment opportunity policy. II. At the second level, any infringement is acted upon through the ‘Grievance Redressal Process’ which involves escalation to the Ethics Officer (of the company), who in turn investigates and resolves any infringements. <p>Outcomes</p> <ul style="list-style-type: none"> • 3 such instances of grievance have been resolved in the last year. • Concurrently based on the varied inputs and diverse infringements (reported by various stakeholders) WaterHealth updates and modifies its policies and processes accordingly. <p>Plans for the upcoming year</p> <p>While the ‘Grievance Redressal Process’ ensures that all stakeholders have the comfort that their grievances would be addressed. For the current year WHIN will work towards creating a process to capture the grievance and also measure the redressal timelines.</p>
<input type="checkbox"/>	<p>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<p>Commitment/ Policies</p> <p>While WaterHealth India is committed to allow employees to collectively bargain with the company’s management, given the nature of its business, such situations have not arisen in the past.</p> <p>Action Taken</p> <p>Not Applicable</p>

		<p><u>Outcomes</u></p> <p>Not Applicable</p> <p><u>Plans for the Upcoming Year</u></p> <p>Not Applicable</p>
<input type="checkbox"/>	<p>4. the elimination of all forms of forced and compulsory labour;</p>	<p><u>Commitment/ Policies</u></p> <p>WaterHealth India commits not to engage or allow its partners, suppliers or vendors to run any forced or compulsory labour program in their companies.</p> <p><u>Action Taken</u></p> <ol style="list-style-type: none"> I. All employment contracts of the WaterHealth allow either party i.e. WaterHealth or the employee to terminate the contract based on a notice period or cost(s) thereof. II. however in most cases the company waives the notice period to suit the employee’s convenience. III. While WaterHealth does not control the employment policies of its partners, suppliers or vendors, informally the company engages to drive the same value system among its stakeholders. <p><u>Outcomes</u></p> <ul style="list-style-type: none"> • WaterHealth India is 100% compliant to all employment contracts. • Based on informal channels all extended stakeholders of the company are also compliant with such employment policies; <p><u>Plans for the upcoming year</u></p> <p>Conduct compliance audit of the vendor process and policies to ensure the vendor policies are in alignment to WHINs policies.</p>
<input type="checkbox"/>	<p>5. the effective abolition of child labour;</p>	<p><u>Commitment/ Policies</u></p> <p>Water Health’s Corporate Governance process does not allow the company to run any illegal or unethical labour practices including child labour; the company therefore is committed to eradication of child labour.</p>

		<p><u>Action Taken</u></p> <ol style="list-style-type: none"> I. As part of the selection/recruitment process WaterHealth India only employs adults who are legally employable (by law) on a temporary or permanent basis. II. Again while WaterHealth does not control the employment policies of its partners, suppliers or vendors, informally it drives the same value system among its stakeholders. <p><u>Outcomes</u></p> <ul style="list-style-type: none"> • WaterHealth is 100% compliant to running legal and ethical employment practices and does not recruit or hire child labour. • Based on informal feedback from all WHIN's stakeholders, it is evident that all suppliers/partners are also compliant with such employment practices i.e. which prohibit hiring of child labour; and this validated through a structured process. <p><u>Plans for the upcoming year</u> Enforce all vendors to sign up contract to comply with abolition of unethical practices like employing child labor.</p>
<input type="checkbox"/>	<p>6. and the elimination of discrimination in respect of employment and occupation.</p>	<p><u>Commitment/ Policies</u></p> <p>WHIN drives a performance driven culture within the company, without discriminating on gender, ethnicity, race or caste.</p> <p><u>Action Taken</u></p> <ol style="list-style-type: none"> I. WaterHealth identifies the employment requirements based on 3 elements i.e. Knowledge, Skill and Attitude. This is clearly included in the Job Description (JD) of each role within the company; no other criteria or discriminating factor is considered for suitability of a candidate. II. The employee recruitment process typically comprises of a technical/general quiz and/or group discussion and/or personal interviews. All of these interventions assess the suitability of the candidate. Generally any candidate is interviewed by more than 3 company executives to reach a 'fair' and impartial decision. III. The PMS (Performance Management System) of the company lays the parameters of success of each individual every year; these are role and not individual based. At the end of the year, the performance is measured against those deliverables in an objective and transparent fashion. All decisions pertaining to performance, promotions and growth are based on merit and not on a partisan or a discriminatory view. IV. Talent acquisition process ensures equal employment opportunity to women and differently abled persons. <p><u>Outcomes</u></p>

		<ul style="list-style-type: none"> • WHIN fosters a culture of meritocracy and objective assessment of performance. The company forbids any policy, process or conduct that suggests discrimination of any kind. • Talent Acquisition cuts across all states of India and countries. • WHIN provides employment opportunity to youth and retired personnel's from rural villages. <p><u>Plans for the upcoming year</u></p> <p>While the company has successfully developed a culture of meritocracy, for the next year WHIN will drive consistency in engaging with diverse employee groups of the company.</p>
<input type="checkbox"/>	<p>7. Businesses should support a precautionary approach to environmental challenges;</p>	<p><u>Commitment/ Policies</u></p> <p>WHIN is an environmentally friendly company, more so given the nature of its business, the company is required to favourably coexist with the environment. However the company has made limited progress in using a precautionary approach to address environmental challenges.</p> <p><u>Action Taken</u></p> <p>Most of the products, services or projects of the company are vetted by the Quality team from an environmental standpoint. The Quality team is the custodian of environmental safety and protection for the company; also precautionary steps to address environmental challenges are run through the NPI (New Product Introduction) process. However all of these are relatively new processes and not completely institutionalized within the company.</p> <p><u>Outcomes</u></p> <p>All products, services or projects undertaken by WHIN support environment safety and protection. A case in point is WHIN's UV Waterworks disinfection unit which is a winner of the "Toshiba Green Innovation Award" for its benefits to the environment.</p> <p>WHIN also conducts regular EHS (Environmental Health and Safety audits) at periodic intervals.</p> <p><u>Plans for the upcoming year</u></p> <p>Institutionalizing such processes within the company will be the focus area for the next year.</p>

<input type="checkbox"/>	<p>8. undertake initiatives to promote greater environmental responsibility;</p>	<p><u>Commitment/ Policies</u></p> <p>WHIN is committed to meet all the benchmark Environmental Health and Safety (EHS) norms in the company.</p> <p><u>Action Taken</u></p> <ol style="list-style-type: none"> I. WHIN runs a monthly EHS audit of all its plants and reports the compliance through an indexed score on a 100 point scale. This audit is conducted through the Field Quality Executives who as part of their beat plan assess the operations of WaterHealth Centres. II. Also the EHS scoring process undergoes a change from time to time based on the environmental, health and safety parameters. This is kept current and relevant by the quality team of WHIN. III. Finally the Engineering team of WHIN recommends from time to time initiatives and steps that the company should undertake to address the environmental issues. <p><u>Outcomes</u></p> <p>On an average the mean EHS score of WHIN has always been in excess of 85 points.</p> <p><u>Plans for the upcoming year</u></p> <p>For the current year the company plans to review the EHS audit parameters comprehensively and report a mean score of greater than 90 point for the entire year.</p>
<input type="checkbox"/>	<p>9. and encourage the development and diffusion of environmentally friendly technologies.</p>	<p><u>Commitment/ Policies</u></p> <p>In the community water segment WHIN is committed to promoting and offering technologies that are environmentally friendly. However this is not done through a formal process.</p> <p><u>Action Taken</u></p> <p>As indicated above, this intent is not driven through a structured process, however there are a number of instances (examples) where the company has developed and used environmentally friendly technologies for water treatment.</p> <p>A case in point is RO based CWS (Community Water System), a typical RO system not only rejects over 50% of the input water but also damages the environment; WHIN therefore uses RO blending methodology to reduce the adverse impact (on the environment) of RO treatment of water.</p>

		<p><u>Outcomes</u></p> <p>While there isn't any formal process of measuring the impact of such steps on the environment, intuitively it is likely to have a positive impact on the environment.</p> <p><u>Plans for the upcoming year</u></p> <p>The company intends to use the environmental 'acceptance gate' as one of the important steps for NPI (New Introduction Process) of the company.</p>
<input type="checkbox"/>	<p>10. Businesses should work against all forms of corruption, including extortion and bribery.</p>	<p><u>Commitment/ Policies</u></p> <p>WHIN has implemented a Code of Conduct (CoC) for all the employees and stakeholders of the company. This is to be signed by all the employees at the time of joining the company. The CoC lays down the framework in which each employee and partner is expected to operate, including the expected ethical, integrity and moral standards.</p> <p><u>Action Taken</u></p> <p>The company has appointed Ethics Officer (EO) who is responsible for the enforcement of the CoC including the redressal of any violation.</p> <p><u>Outcomes</u></p> <p>So far over a 2 major cases of CoC violation and more than 20 minor case of CoC violation has been escalated to the Ethics Officer who has dealt with those accordingly. More importantly such cases have been publicized within the company such that they serve as examples of desirable and undesirable conduct.</p> <p><u>Plans for the upcoming year</u></p> <p>Positively reinforce the CoC framework within WaterHealth India, such that it serves more as an affirmative rather than as reprimanding tool.</p>