

Communication on Progress 2013



The Global Compact Communication on Progress

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Control Risks and the Global Compact

Control Risks is committed to advocating and implementing the UN Global Compact's principles in all our offices, in all aspects of our work, and across our broad spectrum of clients, whether we are working for corporate clients, governments, NGOs or private individuals. As our clients operate in often hostile and complex environments, it is vital that we are able to advise them on best practice and on conducting business responsibly.

Control Risks' core values and the principles of the Global Compact overlap, and our commitment to the Compact provides a natural extension and broad umbrella for our own values. Commitment to our core values is essential in aligning our offices and business units, and is at the heart of what we consider to be the unique spirit of the company. On joining Control Risks, our people are asked to embrace our values, and our training programmes reinforce what the values mean to us in practice.

Meanwhile, as Control Risks continues to expand, we recognise the associated responsibilities this brings: the need for clear guidelines, effective operating procedures, systematic training and formal management structures. Our Code of Ethics, our Anti-Bribery and Anti-Corruption Policy and Human Rights Policy are central to the set of policies which underpin all aspects of our work and our internal processes.

About Control Risks

Control Risks is an independent risk consultancy that helps its clients manage political, security and integrity risks worldwide. We work across the world and operate in accordance with shared standards and principles. We employ around 2,500 people from highly diverse backgrounds, and we work with clients from the public, private and non-profit sectors. We have worked for more than 5,300 clients across all industry sectors in over 130 countries.

Since Control Risks was formed in 1975, it has been defined by - and recognised for - its commitment to the highest standards of business integrity and ethics. Our four core values underpin all that we do. These are: integrity and ethics, professionalism and excellence, collaboration and teamwork, and commitment to people.

Control Risks formally signed up to the UN Global Compact in September 2007, and is fully committed to embracing, supporting and implementing its ten principles.

Our mission is to enable our clients to succeed in complex or hostile business environments. Because of the nature of our business, we advise clients in potentially controversial, sometimes dangerous and often morally complex situations. In these circumstances, the task of applying our values is a major commitment, a constant challenge and an essential operating requirement.

We aim to establish long-term relationships with our clients, based on trust, candour and mutual respect. When we decide whether to work with a new client, or to accept a new assignment, we take account of ethical issues, as well as legal compliance. At all times we work to retain the trust and respect of our clients and business partners, as well as the government officials and communities among whom we operate. There are occasions when we cannot support a client for ethical reasons.

CEO's statement of continued support for the Global Compact

I am pleased to reaffirm Control Risks' continuing support for – and commitment to – the UN Global Compact. This is our fifth Communication on Progress (COP).

The Compact's human rights and anti-corruption principles are central to our operations at Control Risks. Our report examines the steps we have taken within the company over the last year to help our people address these issues in a robust and consistent fashion, and flags our contributions to international conferences and to external publications.

I was pleased to take part in a webcast with US Foreign Corrupt Practices Act (FCPA) expert Bob Tarun, in June 2013, when we shared our experience in addressing corruption risks. The fact that 700 people signed up to the webcast highlighted the extent to which corruption has entered the mainstream as a concern for business. As for Control Risks' internal anti-corruption initiatives, over the past year we have introduced stringent new processes relating to subcontractors and suppliers, and have taken the decision to appoint an independent provider for our whistleblowing channel, in line with Transparency International's guidance.

Since our last COP, we have undertaken an internal review of the company's approach to human rights. As a result, we have appointed a Board-level human rights champion to spearhead our activities, and he will shortly be forming a human rights working group. Externally, Control Risks is very much involved with the development and adoption of security industry standards and codes of practice which include a focus on human rights. We have taken a leading role in the UK's Security in Complex Environments Group (SCEG) and, through SCEG, have been contributing to the Swiss government-led development of the International Code of Conduct for Private Security Providers (ICoC) and its Articles of Association. I am delighted that Control Risks Director Chris Sanderson has now been elected to the Board of Directors of the ICoC Association, which will be launched in September 2013.

As far as the labour principle is concerned, commitment to people is a core value for Control Risks. The company is fortunate in being able to attract highly talented people across its network of offices, and I am pleased to report that we have taken great strides over the last year in investing in their future, including the introduction of an online learning platform available to all and the launch of a new management development programme.

Meanwhile, we were inundated with volunteers to work alongside our new Environmental Champion for Europe, who was appointed in June 2013. Our plans for the year ahead reflect the team's drive and enthusiasm in meeting our environmental commitments. Our new Charity and Volunteering Policy allows our people to spend two working days a year in a voluntary activity, and I expect the environment will be a popular choice.

I look forward to reporting on our progress next year.



Richard Fenning
CEO, Control Risks

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that that they are not complicit in human rights abuses.

Commitment

Control Risks' commitment to the UN Global Compact's principles on human rights is expressed in our Code of Ethics which states:

Human Rights. Control Risks supports the Universal Declaration of Human Rights, and our employees are never to be complicit in human rights abuses. We examine all advice to clients for its potential direct and indirect impacts on human rights. Control Risks abides by the Voluntary Principles on Security and Human Rights.

We elaborate on this commitment in a further policy document, our Human Rights Policy. Both the Code of Ethics and the Human Rights Policy are available on our website (www.controlrisks.com).

Our Human Rights Policy makes specific reference to the Universal Declaration of Human Rights, the Voluntary Principles on Security and Human Rights, the UN Global Compact, the Montreux Document, the International Code of Conduct for Private Security Providers and the UN Guiding Principles on Business and Human Rights.

Systems

Training and reference documents

Control Risks includes human rights alongside other aspects of its Code of Ethics in its various training programmes. Everyone joining the company is required to read our Human Rights Policy as part of their induction. For teams working in higher-risk environments, we provide more extensive training. Our consultants in Africa, for example, receive a Human Rights Essentials briefing document and are required to take an online test to ensure that they fully understand their human rights responsibilities. All our Iraq employees undergo mandatory annual training which includes the Voluntary Principles. Meanwhile, security management training for our global crisis and security consulting teams includes human rights.

Risk assessment and due diligence

Control Risks includes human rights as an integral part of its internal risk reviews as well as its risk assessment and due diligence consultancy for its clients.

The Ethics Committee

Our people are encouraged to refer to Control Risks' Ethics Committee if in doubt about the human rights or other ethical implications of a proposed course of action. Such referrals most often take place when we are deciding whether or not to take on a new assignment in a sensitive area. Several times a year, we turn down – or decide not to bid for – potential new assignments on ethical grounds. Human rights considerations are often a key factor in these decisions.

Internal whistleblowing process

Our people are able to make an anonymous report if they suspect that a member of Control Risks is engaged in unacceptable or unethical conduct in relation to human rights or any other ethical issue, and if they feel unable to raise the issue with their line manager.

Third party complaints

Control Risks' third parties complaints process is included in a policy document that is required reading for all senior managers.

Activities

Internal human rights review

Since our 2012 COP, Control Risks has undertaken a detailed internal review of the company's approach to human rights. As a result, we have nominated a Board-level human rights champion, who is forming a human rights working group to keep our human rights initiatives on track and to act as a point of contact for the company. One of the working group's first tasks will be to examine how best to extend and strengthen our human rights briefing and training programmes, and structure them to suit the wide range of roles within the company. The group will also be asked to consider enhancing our risk assessment/due diligence process, ensuring that this is proportionate to the nature and location of an assignment.

As noted in our plans for the year ahead in our 2012 COP, our Group Risk Manager has now added human rights as a specific agenda item when conducting regular reviews of our business teams and international offices.

Promotion of professional standards in the international security industry

Control Risks has long taken a leading position in the development and adoption of security industry standards and codes of practice, and this includes a firm commitment to human rights.

In the UK, we have been particularly involved in the Security in Complex Environments Group (SCEG), a special interest group within the UK-based industry association the Aerospace Defence and Security Group (ADS). Control Risks was one of the three founding industry members of SCEG and Control Risks Director Chris Sanderson was its first Chairman. SCEG has been working with the UK Foreign and Commonwealth Office (FCO) to define a national standard for the UK private security industry, with a focus on human rights. Control Risks will be seeking certification when the process for doing so has been finalised.

On an international level, through SCEG, Control Risks is involved with the International Code of Conduct for Private Security Service Providers (ICoC). We were one of the first signatories of the Code, which establishes human rights-based principles for the responsible provision of private security services. Control Risks will become a founding member of the Association when this is formally launched in 2013 and is committed to achieving certification in line with ICoC requirements.

Thought leadership

Control Risks contributed to a Civil Society Dialogue Network (CDSN) meeting in Brussels on “Private Sector and Conflict” in October 2012. The meeting brought together some 50 participants, including European Union (EU) policy-makers, as well as representatives from civil society organisations and the business community. The objectives of the meeting were: to discuss the implementation of the UN Guiding Principles on Business and Human Rights in conflict-affected countries; to increase understanding of the role that the private sector can play in peacebuilding; and to review the impact of the EU’s economic policies on peace and conflict dynamics. Control Risks’ contribution took the form of a 20-page background paper on “Trade, Investment and Conflict”, which is now available on the website of the European Peacebuilding Liaison Office (www.eplo.org).

In 2013 we prepared a resource paper on the related topic of “The Private Sector, International Investment and the International Anti-Corruption Agenda” for the United Nations Institute for Disarmament Research (www.unidir.org).

Both papers highlight the links between the human rights, peacebuilding and economic development agendas. If the private sector is to flourish – and to make a positive impact – it needs effective state institutions. International actors, including inter-governmental institutions such as the EU, can play a vital supporting role in promoting governance reforms in weak states.

Plans for 2013-14

In the year ahead, we plan to:

- Review and update our Human Rights Policy.
- Form a human rights working group including representatives from each region, chaired by our Board-level human rights champion.
- Strengthen our human rights training and awareness programmes.
- Continue to work within the security industry to develop common standards on human rights issues.

Labour

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Commitment

- Commitment to People is one of Control Risks' four core values. We are committed to providing opportunities for our people to develop, achieve their professional aspirations and enjoy successful and rewarding careers within the company. This commitment is reflected in our human resources policies, systems and activities in place across our offices.
- We respect the rights of our people to form and join trade unions for the protection of individual and collective interests.
- Diversity is a key element of our human resources strategy. Control Risks aims to create an environment that welcomes and respects the different perspectives of all our people, as well as those of our clients and our suppliers. Control Risks' inclusive "One Firm" culture means that our people feel valued.
- Control Risks recognises that the best ideas come from a diverse pool of knowledge, and values the range of backgrounds, beliefs, gender, age and sexuality that generate such ideas. We understand that open minds lead to mutual respect and ensure openness to change and innovation.
- We are committed to ensuring that our people are consulted about any changes to the business that will have an impact on their employment.

The following statements are extracts from our human resources policies:

- Control Risks is committed to providing a working environment in which respect for people's dignity is at the core of our organisation. Every employee has the right to dignity at work. The company and all its employees have accountability to ensure a working environment in which everyone is treated with respect and dignity.
- Control Risks' employees have the right to work in an environment of mutual trust and respect, where everyone is fairly treated without discrimination. The policy emphasises the fact that any employee who has taken action against discrimination will not be victimised in any way.
- Control Risks aims to ensure that no employee, job applicant, client or supplier is discriminated against, either directly or indirectly on the grounds of sex, race, colour, nationality, ethnic or racial origins, sexual orientation, age, religious belief, marital status or disability. This policy statement applies to all decisions relating to hiring, employment opportunity and promotion.

Systems

Control Risks complies with local legislation in the countries where it operates. Where our own standards exceed those of local legislation, we will apply our own standards: the issue of forced or compulsory labour, or child labour, therefore does not arise in our own operations. The company vets its subcontractors (as well as all prospective employees) before engaging them and expects them to abide by its policies when working on the company's behalf; the same is expected of agents, representatives, joint venture partners and suppliers.

We have systems in place to ensure that any issues arising, for example, discrimination, bullying or harassment, are dealt with fairly and objectively. These systems are set out in our grievance and dignity at work policies and processes.

Control Risks constantly strives to improve performance management to ensure that we manage and develop our people consistently and in line with our values.

We set high standards for our people, and we offer structured training and development programmes designed to help people at all levels meet those standards and achieve their full potential. We aim to develop our people by giving them access to learning opportunities and empowering them to manage their own careers within the company. Training and development take the form of e-learning, residential and non-residential courses and workshops run internally and externally, regional training workshops, and management programmes.

As with human rights more broadly, Control Risks' people are expected to raise any concerns about our clients' labour practices with the company's Ethics Committee.

Activities

Long-term investment in our people is essential to the continuing success of our business. Control Risks constantly seeks to enhance the learning and development opportunities it provides so that our people have the skills and tools they need to develop their careers within the company.

In 2012-13, we have:

- Launched a new online learning platform for all our employees worldwide, in line with our plans for the year ahead outlined in our 2012 COP.
- Updated our global induction programme.
- Enhanced our management development programme.
- Continued with our talent development programme, which is now in its fourth year. This 12-month programme provides a group of exceptionally talented people with tools, coaching and mentoring to help them build a successful career at Control Risks.

In line with our values, our approach to reward aims to be fair, consistent, transparent and easily understood so that we are able to attract and retain the most talented people. We regularly review and seek to enhance the rewards we offer our people. We also seek constantly to improve our employment standards and practices, to ensure that we are consistent in the way we employ and engage people globally.

In 2012-13, we have:

- Introduced a secure global HR information system which allows us to manage the information we hold about our people in a consistent way and meet compliance risks more effectively. This fulfils our undertaking mentioned in our 2012 COP.
- Launched a long-term incentive scheme to attract and retain key employees.
- Streamlined our global HR insurances to ensure consistency and transparency and to comply with employment regulations in each jurisdiction in which we operate.
- Conducted a global audit of our human resources policies and processes to ensure consistency of approach across our offices and to meet best practice. We included our plans for this audit in both our 2011 and 2012 COPs, and are pleased to report that we have now achieved this.
- Again, in line with the plans outlined in our 2011 and 2012 COPs, we have now completed a review of our contracts to ensure that we comply with changing legislation.

Plans for 2013-14

In the year ahead, we plan to:

- Develop a mentoring scheme which will be available to all our people worldwide.
- Launch a development programme for consultants globally.
- Expand our management development programme.
- Support compliance activity through our online learning platform.
- Develop our global HR information system still further.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Commitment

Control Risks' commitment to the environment is outlined in the environmental aspects of our Health, Safety and Environmental Policy and includes the following statements:

- Control Risks is committed to protecting the environment.
- Control Risks will comply with all applicable environmental laws and standards in each location where it operates.
- Control Risks has identified three key areas of environmental focus and is committed to monitoring, evaluating and reviewing its performance in these areas across all operating locations.

Areas of focus:

1. **Reducing workplace waste** by reducing consumption and increasing recycling of office materials.
 2. **Shrinking greenhouse gas output** by increasing energy efficiency and reducing carbon intensity of our operations.
 3. **Promoting environmental sustainability** in our employee, supplier, leasing and contractor relationships.
- Control Risks will brief its employees and suppliers on its environmental commitments.
 - Control Risks considers environmental impact a significant risk factor in its risk consulting methodology and will give its clients the best possible advice that is consistent with the environmental responsibilities of the company and of its clients.

The policy also highlights our commitment to the Compact.

Systems

Our policy allocates specific areas of responsibility to help us ensure that the company meets its targets on environmental management:

A member of the Group Executive Committee sponsors and champions environmental management within the company. The Committee reviews the company's progress in our three areas of focus on an annual basis and confirms that these continue to reflect the company's goals.

Regional Directors put in place environmental initiatives for all offices within their region in line with the policy and with local legislation.

Regional environmental champions co-ordinate the company's approach to environmental management across the Control Risks' offices in their region, with the support of an environmental representative in most offices. Champions submit annual reports outlining progress in their respective regions in our three areas of focus.

Compliance with applicable environmental legal and regulatory requirements is included in our internal audit process.

Activities

The Group Executive Committee in July 2013 reviewed and confirmed our Environmental Policy (which is now included within our new Health, Safety and Environmental Policy) and reviewed the company's progress in our three areas of focus (see below). With around 40% of our permanent staff based in our London office, we recognise that environmental management enhancements achieved in this office will have the greatest impact. As a result, since our last COP we have added to the team led by our London-based Europe Environmental Champion, having successfully sought volunteers from within the office. Meanwhile, our new Asia Pacific Champion now has the support of an environmental representative in each office in the region.

1. Reducing workplace waste.

Our offices measure energy consumption wherever they can and record the results. We are pleased to report that we have reduced use of paper in our London office by 46% since our last COP. In addition, over the last year our London office has provided 1,655 items of IT equipment (including hard drives, monitors, phones, storage devices and computers) for re-use or recycling in line with the Waste Electrical & Electronic Equipment (WEEE) directive. Meanwhile, offices in our Americas region have recently completed an environmentally-friendly recycling drive.

Similarly, we record the categories in which each office undertakes recycling (we have identified 12 recycling categories). Facilities for recycling vary significantly between our office locations, and our champions are tasked to identify ways of making better use of existing facilities and of improving our recycling record. Since our 2012 COP, a number of our Asia Pacific offices have successfully extended their recycling programmes: our Beijing, Shanghai and Sydney offices now recycle in 11 of our 12 categories, and Hong Kong in ten categories. Meanwhile, our environmental representative in Colombia has recently installed recycling bins in our Bogotá office.

2. Shrinking greenhouse gas output.

- **Travel.** The nature of Control Risks' business and the fact that we have offices worldwide mean that travel cannot be avoided. However, an upsurge in the use of an online instant messaging, video conferencing and screen sharing platform for internal purposes has led to a marked reduction in travel in the last two years. For example, overall figures for Europe indicate that we reduced CO2 emissions in the region by 12.4% in 2012 and by a further 22% in 2013. Meanwhile our Asia Pacific region saw an overall reduction of 27% in miles travelled over the last year, with a 48% reduction for Singapore, one of our larger offices in the region. In order to reduce travel, we also use audio, web, video and event conferencing for external communications, meetings, marketing and training purposes, as well as for consulting. Our provider is committed to keeping its carbon footprint to an absolute minimum. Since our last COP, our offices in North America and Latin America have appointed a new travel agency which is able to produce "Green Reports" allowing us to track the carbon emissions footprint of our travel.
- **Offices.** Control Risks seeks to influence the management of our office buildings globally to optimise energy efficiency; identify the environmental initiatives buildings have in place; and ensure that we are taking advantage of all available programmes. Having taken environmental concerns into consideration in its recent office move, our new Houston office has sensor lights, LED bulbs, high-efficiency MERV air filters, and air conditioning on timers. Use of sensor lights is also contributing to a reduction in electricity consumption in our New York office, which moved in 2011 and has since halved its consumption, despite the fact that the new office is larger and houses more employees. Meanwhile, low-flow water-saving devices have recently been installed in our Bogotá office, where our environmental representative plans to track water consumption on a monthly basis. Finally, the creation of a new "green" wall in our London office will help us reduce our carbon footprint.

3. Promoting environmental sustainability

As mentioned in our plans for the year ahead in our 2012 COP, we have highlighted the company's commitment to the environment in our internal publication Global People Update and encouraged people to make a personal contribution to environmental initiatives. This has included expanding our employee volunteer programme. Previously an informal arrangement, the volunteer programme is now formally part of a new Charity and Volunteering policy which allows everyone in the company to spend two days a year, in addition to their holiday allowance, on a voluntary activity project or charity engaging with the environment.

Our Environmental Policy is included in our global induction programmes for people joining the company.

We are continuing to identify the environmental policies and practices of our suppliers and contractors as we wish to ensure that these meet best practice.

Plans for 2013-14

In the year ahead, we plan to:

- Run a campaign to raise awareness of our environmental initiatives and invite people across our offices to contribute. We will follow this up with regular global updates.
- As first mentioned in our 2012 COP, undertake an environmental audit of our London office. This will determine what we are able to do as a company to reduce our impact on the environment and, as a result, to establish the correct priorities. We will include identifying further ways of reducing waste and improving how we measure progress. We plan to set realistic targets for London for the year ahead, and our other offices will follow as appropriate.

Anti-corruption

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

Commitment

Control Risks' commitment to the Tenth Principle is expressed in its Code of Ethics, which is available on our website (www.controlrisks.com), and states:

“Business Integrity. Business integrity goes beyond compliance with the law, and involves the application of our core values. Control Risks does not pay bribes or receive kickbacks either directly or indirectly. Control Risks' employees are expected to use their judgement not just to avoid malpractice but to promote good practice in accordance with the company's commitment to high standards of integrity.

We elaborate on this statement in our Anti-Bribery and Anti-Corruption Policy, which is also available on our website. The policy makes specific reference to the UK Bribery Act and to the US Foreign Corrupt Practices Act (FCPA). At the same time, it affirms Control Risks' commitment to abide by all national laws relating to bribery and corruption in the jurisdictions where we operate. The policy covers: bribes and kickbacks; facilitation payments; public officials; gifts, hospitality and expenses; personal conflicts of interest; charitable donations; political activities; business relationships; and audits and accounts.

Systems

Third parties and subcontractors

As reported in our 2012 Communication on Progress (COP), our internal risk review highlighted the need to be more consistent and systematic in the way we brief third parties, including subcontractors, on our Anti-Bribery and Anti-Corruption Policy. We have now addressed this with the creation of new supplier and subcontractor agreements which include copies of our Code of Ethics and Anti-Bribery and Anti-Corruption Policy, and the requirement for third parties to abide by them. In addition, we revised our Subcontractor Management Policy and introduced more stringent processes.

The Subcontractor Management Policy states that:

The selection, preparation, engagement, training and management of subcontractors must be conducted in such a way as to minimise the risk of illegal, unethical or unprofessional behaviour.

The revised processes establish a systematic approach to hiring and managing subcontractors, including: defining the business case; assessing potential integrity risks; briefing the subcontractor on Control Risks' ethics policies; including an anti-bribery clause in the business contract; ensuring full documentation; and monitoring the relationship.

The new policy and processes took effect in June 2013, and teams of policy champions are helping with implementation. Existing subcontractors will be subject to a vetting process to supplement our earlier due diligence, and this is to be completed by June 2014.

Internal training and awareness-raising

Our Anti-Bribery and Anti-Corruption Policy forms part of our internal training for all our employees at all levels. The training framework includes an e-learning programme designed for Control Risks. In line with our plans for the year ahead outlined in our 2012 COP, all our current employees have now completed the programme, which has been integrated into our induction package for all new employees. We have also held face-to-face workshops in all offices to reinforce the policy. In the year ahead we are planning a thorough review of our training programme, to include regular anti-bribery and anti-corruption refresher courses for all employees, and the development of new training materials (see below Plans for 2013-14).

In addition, we share information on the latest international anti-corruption developments across Control Risks' international network. As part of a wider project, we are also developing new approaches to knowledge management in relation to our anti-corruption consultancy. This includes the development of an anti-corruption intranet site, which we mentioned in our plans in our 2012 COP and which is now under way.

Anti-corruption risk assessments and reviews

Our Risk Manager and Internal Auditor conduct regular risk reviews and internal audits of all key business units and offices. Audits include a review of all aspects of compliance with local and international law as well as company policy. We have a robust follow-up process for all actions identified. Furthermore, all our business units are asked at regular intervals to declare any breaches of policy or “near misses”.

Internal whistleblowing and ethics consultation procedures

In our 2012 COP, we undertook to review the company's Whistleblowing Policy. Our Group Executive Committee completed its review of the policy in 2013 and, in line with Transparency International guidance, will now be appointing an independent provider to run our whistleblowing channel. Control Risks' employees are encouraged to make an anonymous report if they suspect that a staff member is engaged in unacceptable or unethical conduct – including corruption – and if they feel unable to raise the issue with their line manager. The revised policy is designed to provide our employees with still more confidence should they need to make such a report. Similarly, employees are encouraged to consult the company's Ethics Committee if in doubt about the ethics of specific business initiatives or the integrity of potential business partners. For example, our Client Acceptance and Engagement Management Policy states that the company will "take account of ethical and reputational issues, as well as legal compliance" when deciding whether to work with particular clients or to take on new assignments.

Gifts and hospitality register

As mentioned in our plans for the year ahead in our 2012 COP, Control Risks has set up a gifts and hospitality register in which gifts and entertainment accepted by our employees are recorded. Gifts and entertainment can be accepted only if "reasonable" and "proportionate", and our Anti-Bribery and Anti-Corruption Policy details the company's strict requirements.

Activities

Thought leadership

Control Risks contributes to a wider understanding of the need for more effective anti-corruption strategies through its own publications, its contribution to external publications and its participation in national and international conferences and seminars. Our activities in 2012-2013 included the following:

- Webcast: *"How to mitigate bribery and corruption risks in emerging markets"*

In June 2013, Control Risks organised a webcast discussion between our CEO Richard Fenning and Bob Tarun, a partner of the US law firm Baker & McKenzie who is recognised as a leading authority on the US Foreign Corrupt Practices Act (FCPA). Control Risks has offices in a number of medium- and high-risk jurisdictions, and in the discussion Richard highlighted our own experience of addressing corruption risks as well as lessons we have learnt from working with our clients. Nearly 200 people tuned into the webcast; a further 150 requested a recording; and nearly 800 have accessed it through Control Risks' website.

- Special report on *"International Business Attitudes to Corruption 2013"*

Control Risks commissioned the latest in a series of surveys of International Business Attitudes to Corruption in 2013. The objective was to assess attitudes to integrity risk among a broad cross-section of international companies, and to benchmark their approaches to anti-corruption compliance. The report is intended to be a contribution to international best practice.

The survey was conducted on our behalf by the Economist Intelligence Unit (EIU) using an internet-based questionnaire. Of the 316 respondents, all held senior positions in their companies' legal or compliance departments, or senior management teams.

The survey asked respondents to select their two greatest concerns from a list of five potential risk areas. A majority (58%) chose "risks associated with ensuring the smooth running of the business such as demands for bribes from customs, police officers and tax inspectors", while 52% chose risks associated with their company's relationship with third parties. The survey showed that standards of anti-corruption compliance remain uneven. For example, only 27% of companies surveyed have anti-corruption training programmes for all their employees.

The report is published on Control Risks' website. In addition, we produced a separate Indian edition of the report, focusing on the views of Indian respondents by comparison with the rest of the world. In September 2013, we organised a series of seminars and workshops in Delhi, Mumbai, London and other cities to highlight the findings of the report.

- Special report on *"Anti-corruption in Indonesia"*

Control Risks in mid-2013 published a White Paper on Anti-corruption in Indonesia written by a team led by Control Risks' South-east Asia Managing Director Corene Crossin. The paper points to the positive impact made by the Indonesia Anti-Corruption Commission (KPK) while at the same time highlighting the continuing challenges faced by international companies operating in the country, including frequent demands for facilitation payments in day-to-day transactions with government officials. The paper is available on our website.

- *Other Control Risks publications*

We report regularly on international anti-corruption developments in Integrity Matters, our quarterly online newsletter which is distributed free of charge to some 2,500 subscribers across the world, as well as in Asia-Pacific Risk Watch, another in-house newsletter.

Similarly, reports on corruption trends feature prominently in Country Risk Forecast, our online service on political and security risk, as well as our research reports for individual clients.

- *Contributions to external publications*

Control Risks' consultants frequently comment on integrity and compliance-related topics for external publications and broadcasting organisations. In 2012-13, examples have included comments published by the International Bar Association Anti-corruption Committee Newsletter, Thomson Reuters, StrategicRISK and PR Newswire Asia.

- *Participation in anti-corruption conferences and seminars*

Control Risks' consultants regularly organise and contribute to anti-corruption conferences and seminars. In 2012-13 these have included: a breakfast seminar with the Russo-British Chamber of Commerce, a series of workshops in Western Europe on the 'dos' and 'don'ts' of managing corruption and fraud incidents; a regular 'brown bag lunch' on compliance matters held at our Shanghai office; a series of seminars on corruption and bribery held in Sydney together with the Australian law firm Corrs Chambers Westgarth; and a presentation at the American Conference Institute's Foreign Corrupt Practices Act (FCPA) conference in Washington DC.

Civil society initiatives

Control Risks' head office in London is an active member of the Transparency International (TI)-UK Business Integrity Forum, and our regional offices in Berlin and Sydney are corporate members of the TI chapters in Germany and Australia respectively. Control Risks is also a supporter of the Anti-Corruption Forum (ACF), a London-based alliance of businesses with an interest in the international infrastructure, construction and engineering sectors, as well as the cross-sectoral International Business Leaders Forum (IBLF).

In China, Control Risks contributed to the second in a series of Business Integrity Handbooks published by the China Business Leaders Forum (CBLF), the local affiliate of the IBLF. The latest handbook, published in September 2013, focuses on Third Party Compliance Management. Our contributions include a chapter on Third Party Risk Prevention, as well as three compliance scenarios illustrating the dilemmas that may arise when dealing with third parties. The Global Compact Network China facilitated a survey of executives' views on anti-corruption strategies, and the findings were included in the handbook. The Network will also assist with the distribution of the handbook.

Also in China, Control Risks and the American Chamber of Commerce in February 2013 jointly launched the 2012-13 China Business Report. The report draws on a survey of 420 US companies which showed that corruption/fraud continues to be ranked among the five most significant business challenges for US businesses operating in the country.

Plans for 2013-14

In the year ahead, we plan to:

- Review and expand our anti-bribery and anti-corruption training to reinforce our Anti-Bribery and Anti-Corruption Policy throughout our international operations. We will take a risk-based approach, consider the nature of the work performed and the location, and will place particular importance on face-to-face training for those employees in the high-risk category.
- Continue to develop our anti-bribery and anti-corruption intranet site.
- Introduce an annual requirement for all employees to confirm that they have read and understood our Anti-Bribery and Anti-Corruption Policy.
- Develop guidance for employees on screening suppliers and other third parties (excluding subcontractors) with an emphasis on anti-bribery and anti-corruption compliance.

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