

Communication on Progress 2016



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 and in all our assignments, 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 of and a broad umbrella for our own values. Commitment to our core values is essential in binding our global offices and diverse 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 core values, and our training programmes reinforce what these mean to us in practice.

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 our Human Rights Policy are central to the set of policies that underpin all aspects of our work and our internal processes.

About Control Risks

Control Risks is an independent risk consultancy that helps its clients to manage political, security and integrity risks. 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 clients across all industry sectors in more than 150 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 are reinforced in 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 full account of ethical issues as well as ensuring 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 eighth Communication on Progress.

The last year has been one of steady progress in reinforcing the internal mechanisms that underpin our commitment to the Compact's principles. External contributions include thought-leadership articles in our own publications and on social media on corporate responsibility issues, particularly anti-corruption. Most importantly, we put our principles into practice through well-calibrated advice to our clients, many of whom face sensitive, highly complex problems in high-risk areas.

In the human rights arena, we are redesigning our internal training and pressing ahead with implementing a wide-ranging review of our processes relating to client engagement and project risk. The new training and procedures will be launched in the course of the coming year. We have also made a small but significant amendment to a key clause in our standard terms and conditions for client assignments. This affirms our commitment to the Global Compact and to the UN Guiding Principles on Business and Human Rights: it asserts our right to withdraw from an assignment if its continuation may cause us "to be complicit in any abuse of human rights".

Of the four labour principles in the Global Compact, Principle 6 on non-discrimination is the one that applies most directly to Control Risks' own operations, and this emphasis is reflected in our systems and activities. We express our commitment to our employees through our continuing focus on professional development, including a suite of online and face-to-face training courses. As with human rights more broadly, we believe that we have an opportunity to make a positive contribution to labour standards through the professional advice that we offer to clients. In 2015 -16, this has been particularly evident within our Middle East business, where we are working with a number of clients to monitor labour standards across their operations.

Our environmental initiatives have achieved a number of positive improvements, such as a reduction in London office paper usage by a further 2%. We have also reduced our CO2 emissions for international travel from the London office by 19.6%. Elsewhere, recent successes include the expansion of our eco-audit to our Africa offices and environmental enhancements in our office in Los Angeles. We have also introduced new environment champions to help us monitor improvements across our Asia-Pacific offices.

We express our commitment to the Global Compact's 10th principle, anti-corruption, through a range of internal systems, including a training programme for all employees, a new version of which will be launched in the coming year. Our latest report in the *International Business Attitudes to Corruption* series surveyed more than 800 legal and compliance specialists across the world. In October 2015, shortly before the report's formal launch, I discussed the findings with Nicola Bonucci, Director of Legal Affairs for the OECD; a video of the interview was published on [Control Risks website](#) and on social media. Selected findings from the report were also cited in: *Engaging on Anti-Bribery and Corruption. A Guide for Investors and Companies* published jointly by the Global Compact and *Principles for Responsible Investment* in July 2016.

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 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. We are currently in the process of reviewing and updating our Human Rights Policy to take full account of the UK Modern Slavery Act (see also the section on Labour below).

Systems

As a professional services company, we judge that our prime human rights-related risks and opportunities lie in our relationships with our clients and, above all, in the advice that we give them. We are currently in the process of reviewing our systems and processes to ensure that our commitment to human rights receives appropriate emphasis at every stage in the business cycle and across our service lines.

Training

We have long included human rights in our various training programmes, from employee induction onwards. As part of a programme of e-learning courses, we are producing a human rights training video accompanied by a short test, and this will now form the core of our human rights training for our staff. The video is divided into four parts: the first outlines the basic principles, with a focus on the UN Guiding Principles on Business and Human Rights; the second discusses human rights in the client engagement process; the third discusses on-going client relationships; and the fourth focuses specifically on human rights and security. All client-facing employees will be required to undertake the e-learning course and to pass the test.

The course is designed to raise broad awareness of human rights issues across the company, rather than to impart specialist knowledge. We give supplementary face-to-face training to employees working in high-risk operating environments, notably in Iraq.

Human rights due diligence and client engagement

As part of our broader review, we are in the process of revising our policies on client engagement and project risk management. Our existing policy already highlights the need to take human rights concerns into account when deciding whether or not to take on a new engagement. The revised policies will clarify and reinforce this point, emphasising that human rights is an integral part of our own due diligence process. They will include guidance on the kinds of assignment that require more careful due diligence before we make a commitment, and how to set about this.

Similarly, our revised policies will include more detailed guidance on monitoring human rights-related risks in the course of an assignment, and how to respond to changes in the operating environment.

We revised our standard contractual Terms and Conditions in August 2016. The previous version included wording that asserted our right to withdraw from an assignment if there was a "breakdown of trust and confidence in the Client". The revised text refers specifically to the UN Guiding Principles on Business and Human Rights and the International Code of Conduct for Private Security Providers. It asserts our right to withdraw from an assignment if we judge that continuation may cause us to be complicit in human rights abuses.

The Ethics Committee

Our people are encouraged to refer to Control Risks' Ethics Committee if in doubt about human rights or other ethical issues, especially when deciding whether to take on a new assignment in a sensitive area. We raise awareness of the Client Acceptance and Engagement Policy and the role of the Committee in our in-house training, starting with the induction programme that all employees complete when they join the company. The Ethics Committee is chaired by an independent adviser of Control Risks, and its members make themselves available to employees on an informal basis, as well as meeting formally when a collegiate review is needed. Since September 2015, the Committee has met 12 times.

Internal whistleblowing process

Our people are able to make an anonymous report if they suspect that a Control Risks' employee is engaged in unacceptable or inappropriate conduct in relation to human rights or any other ethical issue, and they feel unable to raise the issue with their line manager. We engage a reputable third party whistleblowing service to ensure independence and anonymity.

Third party complaints and grievance procedures

Our [company website](#) explains how third parties may make a complaint. This is reinforced by the company's Third Party Complaints Policy. We undertake to acknowledge a complaint promptly.

This policy supports the implementation of locally specific third-party grievance procedures to ensure that local culture, language, education or technology considerations do not prevent a third party from making a complaint. To date we have prioritised the locations where we are most likely to interact with the local community; a local third-party complaints procedure is fully implemented in Iraq and we are currently developing a procedure for Kenya. Since Control Risks is always a service provider rather than the project owner, we take care to align our procedures with those of our clients.

Activities

Promotion of professional standards in the international security industry

Control Risks has long been influential in shaping professional standards and human rights best practice within the security industry, and we continue to provide significant leadership in this field both nationally and internationally.

Control Risks was an influential contributor to both the Montreux Document and the International Code of Conduct for Private Security Providers (ICOC). Since 2013, Control Risks Director Chris Sanderson has served on the Board of the ICOC Association, representing the private security industry. He also sits on the association's Executive Committee, providing senior management direction with particular reference to the development of accessible and effective grievance mechanisms. In 2015, the UK Government recognised the value of Chris's work with the award of an OBE for his services to 'human rights, conflict prevention and the international private security industry'.

Control Risks remains an active party in the UK's Security in Complex Environments Group (SCEG). The SCEG represents the UK's land and maritime private security industries and partners the UK Government in the development and implementation of regulation for the UK private security industry delivering services in challenging environments overseas.

PSC-1 Accreditation

In 2015, as reported in last year's COP, Control Risks' Iraq operations were certified to the PSC-1 standard: this is an internationally recognised benchmark for responsible management, including human rights compliance. Since the original accreditation, two further external audits have confirmed the Iraq team's continuing compliance with the PSC-1 standard and noted improvements to the management system. Human rights feature explicitly in our management systems and in our planning processes in Iraq.

Our Iraq operations will transition from PSC-1 to the new ISO 18788 standard for private security operations in the course of the coming year.

Thought leadership

In December 2015, Chris Sanderson addressed the European Parliament's Security and Defence Sub-Committee on 'The Use of Private Security Companies – an Industry Perspective'. In July 2016, he participated in a workshop in Frankfurt on 'Markets in the Making of Multilateral Military Interventions' organised by the University of Wittenberg/Herdecke.

Plans for 2016-17

In the year ahead, we plan to:

- Roll out our new human rights training programme across the organisation.
- Roll out a revised policy with associated guidance documents on human rights considerations when taking on new assignments.
- Roll out revised guidance on monitoring human rights risks and impacts in the course of client assignments.

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 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.

We are committed to ensuring that our people are consulted about any changes to the business that will have an impact on their employment.

We welcome the UK Modern Slavery Act 2015 as a progressive development that reinforces labour rights across international supply chains. In compliance with the Act, Control Risks will shortly publish our statement on the steps that we are taking to prevent and ensure slavery and human trafficking do not take place in our own business or supply chain.

The following statements are extracts from our human resources policies:

- Control Risks recognises that the best ideas come from a diverse pool of knowledge, and values the range of backgrounds and experiences that generate such ideas. We understand that open minds lead to mutual respect and ensure openness to change and innovation.
- Control Risks is committed to providing a working environment in which respect for people's dignity is at the core of our organisation. 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 raised concerns about discrimination will not be victimised in any way.

Control Risks aims to ensure that individuals:

- Receive equal treatment in all aspects of engagement with the company;
- Are not subjected to any form of discrimination or victimisation regardless of sex, race (including colour, nationality, national or ethnic origin), marriage or civil partnership status, pregnancy or maternity, gender reassignment, sexual orientation, age, religion or belief, and disability;
- Are not disadvantaged or treated less favourably by a condition or requirement that cannot be reasonably justified.

Systems

Internal employment practices

Of the four labour principles in the Global Compact, Principle 6 on non-discrimination is the one that applies most directly to Control Risks' own operations, and this emphasis is reflected in our systems and activities. We have systems in place to ensure that any issues arising on, 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.

Relationship with subcontractors and suppliers

As a risk consulting company, we employ trained professionals with specific skillsets and qualifications, meaning the issue of forced or child labour does not arise in our own operations. By extension, we believe that the risk of exposure to such practices in connection with our relationship with suppliers and subcontractors is minimal. However, in accordance with the requirements of the UK Modern Slavery Act 2015, we are consulting with the different parts of our business to identify which locations and/or business functions are most likely to interact with suppliers and subcontractors that represent a higher risk. In taking this risk-based approach, we are focusing on the areas where we can deliver the greatest impact. The identification of higher-risk areas of our business will guide our review of relevant policies, procedures and training to ensure that our compliance tools are working effectively.

In accordance with our Subcontractor Management Policy, the company vets its subcontractors before engaging them, and expects them to abide by our Anti-Corruption Policy and Code of Ethics when working on the company's behalf, including our principles on labour practices.

We are in the process of developing a formal policy of supplier management and supplier vetting procedures. These will address elements of the company's compliance regime, such as maintaining the privacy of personal data and fulfilling our duty of care to our employees, as well as matters of the supplier's integrity and ethics.

In our wider business relationships, our Code of Ethics asserts our commitment to working with third parties who share our principles on business integrity, for instance agents, representatives, and joint venture partners.

Professional advice to clients

As with human rights more broadly (see above), we believe that we have an opportunity to make a positive contribution to labour standards in the professional advice that we offer to clients. In 2015-16, this has been particularly true of our Middle East business where we are working with a number of clients to monitor labour standards in their operations.

Control Risks' people are expected to raise any concerns about lapses in 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 2015-16, we have:

- Delivered on our commitments following feedback from our 2014 Employee Engagement Survey (as outlined in our COP 2015-16 plans). Overall, the results were generally positive, but where the feedback indicated that Control Risks was falling short or not meeting expectations in certain aspects of its role as an employer, we have worked hard to address these with tangible actions. These have ranged from improving access to training and development, increasing the transparency of our recruitment and promotion processes, and continuing to improve our diversity profile. Many of the initiatives outlined below are part of this action plan.
- Launched a Global Diversity Forum involving employees at every level of the company. This forum provides input to the company's diversity and inclusion strategy, and provides feedback and advice on initiatives the company is preparing to launch.
- Started an education process on the concept of unconscious bias and how it can affect 'people' decisions, diversity and inclusion. Sessions have been held with our Executive Committee and with senior leaders across the business. This learning has already led to changes in some of our recruitment and promotion processes to mitigate potential bias.
- Launched the Working in a Global Environment Programme in August 2016, which incorporates Cultural Awareness (as outlined in our COP 2015-16 plans) and how to work successfully with different business cultures in different countries. The aim of the programme is to help broaden and deepen employee's intercultural awareness and understanding to ensure that as a global company we maintain the richness of cultures while striving to achieve our common aims and strategy.
- Continued to offer a range of development opportunities globally to our employees through our online learning platform and face to face sessions. These include: Consultant Development Programme, Talent Development Programme, Management Development, Finance for Non Finance Managers, Career Management and Global Induction.
- Continued to roll out mentoring, allowing employees to learn from the experience and expertise of highly talented colleagues across our offices.
- Contributed to thought leadership in the area of labour standards, for example through a presentation at the March 2016 Annual In-House Legal Congress in Dubai. Similarly, we have covered the issue of labour standards in global supply chains in our Middle East Risk Watch and Nota Bene newsletters in December 2015 and July 2016 respectively.

- 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 constantly seek to improve our employment standards and practices, to ensure that we are consistent in the way we employ and engage people globally.
- Implemented a bonus plan and reward scheme along with policies and processes to support the new partnership structure within the business.
- Further developed our secure global HR information system and reporting capability. This allows us to manage the information we hold about our people in a consistent way and to mitigate compliance risks.
- Continued to review our global HR insurances to ensure consistency and transparency and to comply with employment regulations in each jurisdiction in which we operate.

Plans for 2016-17

In the year ahead we plan to focus on 'People Development', which is a key strategic priority for the company. In support of that we will be implementing and embedding the following initiatives:

- Increase the global awareness of Control Risks as an employer internally and externally, promoting strengths such as our One Firm culture, progressive career paths and diversity through an engagement survey, updated website and intranet, working closely with the global HR and marketing teams, and the Diversity Forum.
- Gather feedback from employees in September 2016 through an Employee Engagement Survey, . The feedback from this will support development of t our future employer offering.
- Embedding the Global Learning Framework so that all employees benefit from the transparency this provides to the companywide learning and development initiatives available.
- Embedding the newly launched Working in a Global Environment Programme.
- Further refine our diversity strategy and continue to progress initiatives, such as completing unconscious bias training for all senior leaders globally.
- Further support compliance activity through our online learning platform and relevant annual refresher programmes. The compliance activities for 2016-17 include a Health & Safety refresher course and new courses on Human Rights and Anti-Bribery and Corruption.
- Implement phase one of employee self-service on the HR information system and raise the system profile and credibility within the company. Continue to improve the breadth and accuracy of information and reporting capability centrally and in the regions (with an emphasis on diversity) so that it becomes an even more reliable source for global employee-related data.

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.

Our three areas of focus are:

1. **Reducing workplace waste** by cutting consumption and increasing recycling of office materials.
2. **Shrinking greenhouse gas output** by increasing energy efficiency and reducing the carbon intensity of our operations.
3. **Promoting environmental sustainability** in our employee, supplier, leasing and contractor relationships. In this context, Control Risks will brief its employees and suppliers on its environmental commitments. We also consider environmental impact a significant risk factor in our risk consulting methodology. Working with other specialists where necessary, we give our clients the best possible advice that is consistent with their and our environmental responsibilities.

The policy also highlights our commitment to the Global Compact.

Systems

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

A member of our Executive Committee sponsors and champions environmental management within the company. The Executive 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 and promote the company's approach to environmental management in the Control Risks' offices in their region, and submit annual reports outlining their progress in our three areas of focus. The champions work with environmental representatives in each office.

Control Risks' Charity and Volunteering Policy allows our people to spend two days a year, in addition to their holiday allowance, engaging on a voluntary activity, project or charity, several of these include environment initiatives.

Our Environmental Policy is included in our global induction programmes for people joining the company. Compliance with applicable environmental legal and regulatory requirements is included in our internal audit process.

Activities

The Executive Committee in July 2014 reviewed and confirmed our Environmental Policy, and our three areas of environmental focus. With around 30% of our permanent staff based in our London office, we recognise that environmental management enhancements achieved in this office will have a considerable impact.

1. Reducing workplace waste

Our offices measure energy consumption wherever they can and record the results. We have had a concerted focus on this area in the London and Los Angeles offices, where consumption has been reduced by a number of actions:

London office

Our London office recently completed a major refurbishment (May 2016) that enabled us to consolidate from two floors to one. As a result, we have introduced several key changes that will benefit the environment such as;

- Providing more recycling points and removing the majority of personal rubbish bins, encouraging recycling.

- Introducing writeable walls and removing paper flipcharts.
- The office space consolidation has contributed to a decrease in electricity consumption by a further 2% and we expect this to fall further in the following months.

We have also reduced our paper consumption and this has resulted in a 2% reduction in paper usage in the London office. Our overall printing and paper consumption has continued to decrease since the significant 34% reduction in 2014-15 within the London office.

Los Angeles office

The Los Angeles office has recently contributed successfully to the reduction of greenhouse emissions by moving into a LEED Gold Certified building. This certification is given by the US Green Building Council on the basis of a point system across six categories related to sustainability and the environment. The building recycles 85% of its waste and has an environmental awareness programme to promote energy saving and recycling.

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 a screen-sharing platform for internal purposes has led to a marked reduction in travel. To reduce travel further, the company uses audio, web, video and event conferencing for external communications, meetings, marketing and training purposes, as well as for consulting.

We are unable to record our travel miles for all our offices, but overall figures for London indicate that we cut travel-related CO2 emissions by 11.7% in 2014-15, and by a further 19.6% in 2015-16.

- **Offices.** Control Risks seeks to influence the management of our office buildings globally to optimise energy efficiency. Where possible, we introduce environmental enhancements, particularly during office moves and refurbishment.

London office

We reduced our multifunction printers from 12 to seven in May 2016 as a result of our office consolidation.

Los Angeles office

We have implemented a full range of environmental measures, including energy-saving lights and appliances, heat-reducing shades on the windows to bring down cooling costs, and an energy-saving dishwasher to minimise paper/plastic waste from the kitchen area. The building has a state-of-the-art comingled recycling programme, where all items are taken offsite in one truck (reducing emissions) and sorted at a specialised facility. The building is easily accessible by public transport, has charging stations for electric cars and a secure facility for bikes.

3. Promoting environmental sustainability

As highlighted in our COP 2015-16 plans, we have continued to raise awareness of our Environmental Policy at a global level and it is now incorporated into our annual e-learning course, which also covers health and safety.

We recently completed the environment audit for our Nairobi office, and have identified a number of actions that will raise the awareness of environmental sustainability. We plan to roll this out to further offices in Africa.

In addition, during the course of the office move, the Los Angeles office e-cycled a significant amount of IT equipment and employees were encouraged to bring in unused electronic equipment from home.

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

Plans for 2016-2017

In the year ahead, we plan to:

- In our Europe and Africa region:
 - Produce an environmental policy for our Nairobi office that can be shared with other offices in Africa.
 - Implement a comprehensive recycling scheme in Nairobi by recycling newspapers and shredded paper.
 - Run a green awareness day in Nairobi and London.
 - Maintain reduced paper consumption in our London office (equal or less than the current target) and continue to reduce our electricity consumption by 5%.
- In the Americas:
 - Identify local vendors for every office for bi-annual e-cycling, which will include a mandatory requirement to recycle batteries. This is in progress, with our Houston office having completed its first pickup from a new vendor and our offices in Washington DC and New York City identifying vendors.

- Use 100% recycled paper for all non-client-facing reports. This is currently in place in our Brazil office, but will be introduced to all other locations.
- Elimination of paper cups in break rooms.
- In Asia Pacific:
 - Ensure recycling programmes are being maintained in every office. This includes paper, glass, plastic and e-waste.
 - Run an energy reduction campaign focusing on changes in behaviours, such as printing double-sided or two pages to a page to cut paper use, and switching off lights when leaving offices or meeting rooms to reduce electricity use.

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

Internal training and awareness-raising

Our Anti-Bribery and Anti-Corruption Policy features in our internal training for our employees at all levels. All employees are required to complete an e-learning programme as part of their induction when they join the company, and this includes an anti-bribery and anti-corruption module.

We are currently preparing a revised set of anti-bribery training videos, and these will be launched in the coming year. The first video will open with an endorsement from Richard Fenning, our CEO, to reinforce and demonstrate senior management commitment to our policy. In the first instance, all employees will be required to study the videos and complete a short test as part of their refresher training. The videos will then form an integral part of the induction course for new joiners.

Our policy and training make clear that we will offer full support to employees who encounter difficult situations as a result of their refusal to pay bribes. At the same time, it also states that the company will take disciplinary action, up to and including dismissal, against employees who fail to comply.

Third parties and subcontractors

Control Risks' Anti-Bribery and Anti-Corruption Policy states that we do not pay bribes directly or indirectly, and that we expect business partners to adhere to integrity principles that are consistent with our own. These principles apply with particular force to commercial agents, representatives and subcontractors. Our Subcontractor Management Policy sets out a rigorous set of procedures for the selection, preparation, engagement, training and management of subcontractors to ensure that they abide by our corporate integrity standards. Control Risks employees responsible for managing subcontractors are required to brief them on our Anti-Bribery and Anti-Corruption Policy before engaging them.

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 compliance with local and international law, including anti-bribery measures 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

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 – if they feel unable to raise the issue with their line manager. Employees who wish to raise a concern anonymously are encouraged to make contact with a hotline managed by a reputable third-party provider that operates independently of the company management.

Similarly, employees are encouraged to consult the company Ethics Committee if in doubt about the ethics of specific business initiatives or the integrity of potential business partners. 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. We are currently in the process of revising this policy, and the new version will reinforce our commitment to ethical standards, including anti-bribery.

Activities

Thought leadership

1. Special reports on *International Business Attitudes to Corruption*

Our latest report in the International Business Attitudes to Corruption series was published in November 2015. The report drew on responses from legal and compliance specialists in more than 800 companies worldwide. More than 30% of respondents said they believed they had lost deals to corrupt competitors. Nevertheless, the report showed that tough, extraterritorial anti-corruption laws are seen as a force for good, including among companies in emerging markets. The report argued that, while compliance programmes are essential, reliance on a legalistic approach can be dangerous. It is essential to set the right incentives for individuals, including an emphasis on ethical behaviour, and not just financial targets.

The report's findings were cited in *Engaging on Anti-Bribery and Corruption. A Guide for Investors and Companies*, published jointly by Principles for Responsible Investment and the UN Global Compact in July 2016. They were also covered in a wide range of press articles, ranging from the Wall Street Journal to Hindu (India), Carta Capital (Brazil) and the newsletter of the Latin American Corporate Counsel Association (LACCA).

2. Other Control Risks' publications and social media

In 2016, we have expanded our monthly Nota Bene e-newsletter, which is targeted at the legal community. Recent articles relating to bribery covered topics as diverse as anti-corruption trends in Colombia, a 'spotlight' on the books and records provisions of the US Foreign Corrupt Practices Act (FCPA), and Indian regulatory enforcement.

Our other external publications included a special briefing on the hazards of traditional investigative approaches to fraud and corruption cases in China. Reports on corruption trends feature prominently in PRIME, our online service on political and security risk, as well as our research reports for individual clients.

In recent years, we have been making increasing use of social media to share our findings with a wider audience. In October 2015, our CEO, Richard Fenning, hosted a video dialogue, filmed in Vienna, with Nicola Bonucci, Director of Legal Affairs for the OECD, and this is posted on YouTube and our company website. Corruption also featured prominently in the podcasts that we produced to accompany our annual Riskmap report.

3. Contributions to external publications and social media

In April 2016 Michael Moran, Control Risks' Managing Director for Global Risk Analysis in North America, contributed an article on "The Geopolitics of Corruption" to Foreign Affairs.

We contribute regular commentaries on anti-corruption trends to the Forbes website on topics such as the May 2016 London Anti-corruption Summit, corruption risks in South-east Asia, and the impact of corruption on political developments in Brazil. Our recent contributions to the FCPABlog include pieces on the link between political risk analysis and corruption, and the ISO 37001 anti-corruption standards. In October 2015 Richard Fenning wrote about why "Good People do Bad Things" for Ethisphere Magazine (US).

Leading journalists have cited comments from Control Risks' specialists in publications as diverse as The Wall Street Journal, Bloomberg, The Bogota Post and *Petrólea & Energía* (Mexico).

4. Participation in anti-corruption conferences and seminars

Control Risks contributes to anti-corruption conferences and seminars around the world.

In the Americas, Control Risks speakers have contributed to – among others – the Council on Foreign Relations Corporate Executives Roundtable (Washington DC, October 2015), Society of Corporate Compliance and Ethics Utilities and Energy Compliance & Ethics Conference (Houston, February 2016), and the Latin America Ethics Summit (São Paulo, June 2016).

In the Asia-Pacific region, our speakers participated in the American Conference Institute's 5th India Summit on Anti-Corruption (February 2016), as well as conferences and roundtables held in Shanghai by the Swiss Chamber of Commerce (September 2015), the In House Congress (October 2015) and the British Chamber of Commerce (December 2015).

In Europe, we spoke at the Global Anti-corruption and Compliance Summit (Amsterdam, April 2016), and a seminar on Compliance in China held jointly with the Taylor Wessing law firm (Frankfurt, June 2016).

5. ISO 37001 Anti-bribery standard

The International Organisation for Standardisation (ISO) is developing a new anti-bribery management systems standard, ISO 37001, to help companies and other organisations develop an effective anti-bribery management system, or benchmark an existing programme. Control Risks has played an active part in the development of the standard since the beginning of the process. We co-hosted the final ISO 37001 drafting meeting in Mexico City in May 2016. Fernando Cevallos, from our Mexico office, is the global coordinator of the ISO 37001 communications task group, as well as a member of the Mexican technical advisory group.

The final version of the standard will be published in September 2016. We believe that it will make an important contribution by providing a robust, auditable tool to help companies reinforce their anticorruption programmes.

6. Other civil society initiatives

Control Risks' London head office is an active corporate member of the Transparency International (TI)-UK Business Integrity Forum. We are also a corporate supporter of TI's Australia chapter. Our Sydney office has recently joined the Global Compact Network Australia (GCNA).

Plans for 2016-17

In the year ahead we plan to:

- Roll out our new anti-corruption training package.
- Continue to expand our thought leadership, including with a new anti-bribery and anti-corruption survey of leading international companies to be published in 2017.

Control Risks' offices

abudhabi@controlrisks.com

alkhobar@controlrisks.com

amsterdam@controlrisks.com

baghdad@controlrisks.com

basra@controlrisks.com

beijing@controlrisks.com

berlin@controlrisks.com

bogota@controlrisks.com

chicago@controlrisks.com

copenhagen@controlrisks.com

delhi@controlrisks.com

dubai@controlrisks.com

erbil@controlrisks.com

hongkong@controlrisks.com

houston@controlrisks.com

islamabad@controlrisks.com

jakarta@controlrisks.com

johannesburg@controlrisks.com

lagos@controlrisks.com

london@controlrisks.com

losangeles@controlrisks.com

mexicocity@controlrisks.com

moscow@controlrisks.com

mumbai@controlrisks.com

nairobi@controlrisks.com

newyork@controlrisks.com

panamacity@controlrisks.com

paris@controlrisks.com

portharcourt@controlrisks.com

saopaulo@controlrisks.com

seoul@controlrisks.com

shanghai@controlrisks.com

singapore@controlrisks.com

sydney@controlrisks.com

tokyo@controlrisks.com

washington@controlrisks.com

www.controlrisks.com