# Control Risks

## Communication on Progress 2017

THE GLOBAL COMPACT

# The Global Compact Communication on Progress

# 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. We express this support through our policy commitment, our work with our clients and our thought leadership, all of which are covered in this report. This is our ninth Communication on Progress.

We are committed to the Global Compact Principles, and we believe that business has an important part to play in helping achieve the UN Sustainable Development Goals (SDGs). As noted later in this report, we believe that Control Risks makes a distinctive direct contribution to the SDGs in the fields of anti-corruption and good governance. At the same time we contribute indirectly, by enabling our clients to operate safely and responsibly in unpredictable operating environments, and thus to make their own contributions, for example to the SDGs with regard to infrastructure development and energy. In 2016 I stated my personal support for the SDGs through a joint statement issued through the Global Compact Network Australia, and I am happy to reaffirm this here.

In 2017, as briefly mentioned in the human rights section of last year's Communication on Progress, we have revised our Client and Project Risk Management Policy. This is a cross-cutting, core policy that applies to all our assignments, and covers client acceptance as well as project management. In line with our UN Global Compact Commitments, the policy makes clear that we integrate human rights, anti-corruption and other ethical considerations into all aspects of our own risk management, and at every stage of our assignments.

In the coming year, we will develop further training and risk assessment procedures to support and reinforce the practical implementation of our human rights and client engagement policies. We will also continue to play our part in the promotion of professional standards in the international security industry.

We continue to apply the Global Compact's labour principles through our commitment to our own employees and in our relationships with external suppliers. Within the company, notable milestones in the past year include the Global Employee Engagement Survey, which sought feedback from employees in every office. The overall results were positive, but the survey pointed to areas for improvement, including the need for more formalised technical training and enhanced communication on our strategy. We will be addressing these issues in the coming year. Meanwhile, we continue to support clients in managing their exposure to the risks of modern slavery, human trafficking and other human rights issues within their supply chains. Our record in this area is particularly strong in the Middle East.

In the environmental arena, we have made a concerted effort to reduce workplace waste, for example by making greater use of recycled paper and introducing or enhancing recycling programmes. In London we have consolidated our head office space from two floors to one, thus shrinking our greenhouse gas input. Elsewhere we are shrinking energy use wherever possible, for example by introducing light sensors to turn off lights. At a global level, our Environmental Policy is now incorporated into our regular e-learning course cycle, which also covers health and safety.

In the anti-corruption arena, we have reinforced our commitment to the Global Compact's 10th Principle, having completely revised the internal training that we give to all company employees. Meanwhile, we continue to support our clients in their own anti-corruption strategies, including through risk assessment, training and problem-solving. This is an area in which I take a close personal interest. In November 2016, as part of our thought leadership initiatives, I interviewed Jermyn Brooks, the Chair of Transparency International's Business Advisory Board on 'Why Compliance Programmes Fail'. In June 2017 I held a further interview with Christian Dargham from Norton Rose Fulbright LLP on 'The New Landscape for Compliance'. Videos of both interviews are available on the Control Risks website and on social media.

I look forward to reporting on our progress next year.

Richard Fenning

Richard Fenning
CEO, Control Risks

# About Control Risks

Control Risks is a specialist risk consultancy that helps to create secure, compliant and resilient organisations in an age of ever-changing risk. We work across the world, and operate in accordance with shared standards and principles. Employing around 2,500 people from highly diverse backgrounds, we work with clients from the public, private and non-profit sectors. We have worked for clients from all industry sectors in more than 150 countries.

Working across disciplines, technologies and geographies, everything we do is based on our belief that taking risks is essential to our clients' success.

We seek to help our clients by:

- Providing the insight and intelligence needed to go beyond problem-solving, and applying our collective expertise to help our clients to realise new opportunities and grow.

- Ensuring they are able to prepare for, manage, and resolve issues and crises that they may face as an ambitious organisation.

We have a heritage dating back to 1975. Our development over the decades has been based on a set of enduring values that have been recognised by a loyal client base, as well as our ability to build a powerful and collaborative sense of teamwork and common purpose across the firm globally.

Our four key values are: integrity and ethics; collaboration and teamwork; commitment to people; and professionalism and excellence. Because of the nature of our business, we advise clients in contentious, sometimes dangerous and often morally complex situations. In these circumstances, applying our values is our primary obligation and an essential operating requirement. Our values inform everything we do and are the foundation on which we build our future.

# Control Risks and the Global Compact

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

We believe that these are fully compatible with our own values and aspirations. We therefore value our association with the UN Global Compact network of companies across the world.

## Control Risks and the UN Sustainable Development Goals

We recognise the important role that business will play in advancing the UN SDGs.

In our capacity as a professional services firm working across a multitude of sectors, we believe that our own first contribution to the SDGs is to serve as an enabler. By helping our clients to manage political, security and integrity risks, we make it possible for them to focus on their core expertise – for example, in the fields of energy, infrastructure and health – and thus to make their own direct contribution to the achievement of the SDGs. In this regard, we believe that our contribution is especially important in cities and regions that are affected by conflict, or characterised by poor governance.

Secondly, we believe that we have a distinctive contribution to make to SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. This is especially the case in relation to Target 16.5 (Substantially reduce corruption and bribery in all their forms). As will be seen in the main body of our Communication on Progress, a significant part of our work involves helping clients implement effective anti-bribery and corruption strategies in high-risk countries and sectors. Working with our clients, we believe that we can make a substantial contribution to the promotion of good governance.

# Human Rights

## Our policy 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 respects the full range of human rights. The Company and all its employees have accountability to ensure a working environment in which everyone is treated with respect and dignity.
>
> Control Risks supports the *Universal Declaration of Human Rights*, and our employees are never to be complicit in human rights abuses. Control Risks is guided by the *UN Guiding Principles on Business and Human Rights* and the *Voluntary Principles on Security and Human Rights*. It is a participant in the UN Global Compact.

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 (VPSHR), the UN Global Compact, the Montreux Document, the International Code of Conduct for Private Security Providers (ICOC), the UN Guiding Principles on Business and Human Rights and the UK Modern Slavery Act. The principles of the policy remain unchanged, but in 2017 we updated it to take full account of our revised Client and Project Risk Management Policy (see below).

## People and processes

### Human rights risk and impact assessment

In our 2016 Communication on Progress, we reported that we were revising our policy on Client and Project Risk Management. As noted above, we have now completed the revision, and one of our main tasks for 2017-18 will be to ensure that the changes are fully understood and applied in all relevant parts of the business.

The revised policy is split into two sections: 'Acceptance and Engagement' and 'Project Implementation'. Under 'Acceptance and Engagement', we emphasise that client managers must include an assessment of human rights risks as part of a broader review before taking on new assignments. For routine tasks, this assessment may be informal. However, a written assessment is required for assignments that are ethically sensitive or operationally complex. We supplement the policy with a more detailed In-house Guide to Human Rights Due Diligence And Impact Assessment.

Similarly, in the 'Project Implementation' section we emphasise the need for continuous assessment of ethics and compliance risks, including the project's potential human rights impact on external stakeholders.

We maintain country-level risk registers as an established part of our broader risk management processes. From now on risk registers will be mandatory for assignments where the pre-acceptance review process has identified significant risks, including ethics-related risks. All risk registers will now include a column summarising our assessment of the human rights risks to external stakeholders.

### Training

We have long included human rights in our various training programmes, from employee induction onwards. In our 2016 Communication on Progress, we reported that we were planning to introduce a human rights training video as part of our programme of e-learning courses. We already have a draft script, but we delayed the production and launch of the video until the Client and Project Risk Management policy review was completed. This launch of this new training programme will therefore be one of our prime objectives for 2017-18.

### 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. 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. The Committee met 16 times in 2015 and ten times in 2016.

### 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 feedback

Our company website ([www.controlrisks.com/Corporate Responsibility](www.controlrisks.com/Corporate Responsibility)) explains how third parties may provide us with feedback and comments on how we deliver our services to improve them and remediate any issues. This is reinforced by the company's Third Party Complaints Policy. We undertake to acknowledge any 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. 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.

## Promotion of professional standards in the international security industry

Control Risks played an influential role in the discussions leading up to the International Code of Conduct for Private Security Providers (ICoC) in 2011, and we were among the Code's first signatories. Ever since, we have been closely involved with the ICoC Association (ICoCA), which is responsible for managing and promoting the Code. At the ICoCA annual assembly in September 2016, Control Risks Director Chris Sanderson was elected to a second three-year term as one of the four industry representatives on the Association's Board. From October 2017 he will again serve as the industry representative on the ICoCA Executive Committee.

Control Risks is also an active participant 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 British government in the development and implementation of regulation for the British private security industry delivering services in challenging environments overseas. Control Risks Partner for Government and Defence Richard Wylde serves on the SCEG Executive Committee. We regularly provide briefings to the group.

### PSC-1 and ISO 18788 accreditation

In line with ICoC requirements, our Iraq operations have been certified to both the PSC-1 and the new ISO 18788 standards. Both these standards establish internationally recognised benchmarks for responsible private security management, including human rights compliance.

We are in the process of applying for full ICoCA certification for our Iraq operations and later in the year hope to be among the first group of ICoCA members to achieve this. As part of this process, we are reviewing our project-level human rights impact assessment procedures, as well as our internal systems for reporting human rights-related incidents.

## External engagement

### Engagement with our clients

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 regard human rights as a cross-cutting issue. For example, we as a matter of course include the human rights aspects of political risk in the reports produced by our Global Risk Analysis team. Similarly, our security consultants apply VPSHR and the ICoC guidance, as well as the lessons learnt from our own experience, in the recommendations that we make to our clients, for example in relation to natural resources projects in Africa and Latin America.

### Participation in external conferences and workshops

A Control Risks representative took part in the UN Forum on Business and Human Rights in Geneva in November 2016. In the same month, we took part in a workshop on the Voluntary Principles on Security and Human Rights, organised by the UN Global Compact Network Australia.

### Thought leadership

Our thought leadership activities in the areas of human rights and peacebuilding included a white paper on Colombia's peace agreement, published by our Bogota office in December 2016. The paper analysed the commercial opportunities arising from the potential 'peace dividend', but at the same time highlighted political, legal and social risks, and offered a set of proposals on how to overcome them.

# Plans for 2017-18

In the year ahead, we plan to:

- Roll out the revised human rights internal training programme across the company, with a focus on the practical implementation of the Client and Project Risk Management Policy.
- Complete the process of applying for formal ICOCA certification in Iraq.

# Labour

## Our policy 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.

In compliance with the UK Modern Slavery Act 2015, Control Risks publishes our statement on the steps that we are taking to prevent and ensure that 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.

## People and processes

### 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.

The nature of the work at Control Risks is both interesting and has a global reach. Some of our people  travel to medium- and high-risk security environments. We have policies in place, and resources and training available to assist our employees in such environments. This includes access to e-learning courses on travel risk awareness, kidnap and terrorism risk, and a cycle of mandatory training on health and safety, anti-bribery and corruption, and information security.

### 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, we are in the process of incorporating awareness of modern slavery issues into our internal training courses, where relevant. This is to ensure that our employees remain alert and understand their responsibility to escalate any concerns.

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. This has now received approval from our Executive Committee to proceed to completion and roll-out.

We are drawing upon our human rights subject matter expertise from across the group to map the potential for modern slavery to occur in the context of these relationships. This information will feed into our approach to vetting subcontractors and suppliers.

# Activities

Control Risks has reviewed and updated its employer vision, which sets out our commitment to our people. We constantly strive to deliver on this commitment through our activities:

### Employer vision

Our people should expect Control Risks:

- To be a meritocracy by encouraging everyone to fulfil their desired potential regardless of everything but their talent, behaviours, work ethic and commitment to our clients and Control Risks.

- To be a diverse, challenging and innovative work place. This is the lifeblood that allows us to see the world as it really is and advise our clients accordingly.

- To provide a robust infrastructure that enables Control Risks to function efficiently and effectively as One Firm at work.

- To promote an environment where everybody thrives on continuous improvement, is willing to take constructive feedback and never feels satisfied with the status quo.

In 2016-17, we have:

- Conducted a Global Employee Engagement Survey that sought feedback from employees in every office. We have analysed this feedback and presented it to senior management and employees. Overall the results were positive, but where feedback indicated areas for improvement we have created an action plan to address these points. These areas range from more formalised technical training to enhanced communication on our strategy, and form an important part of our 2017-18 action plan (see below).

- Further progressed our diversity and inclusion agenda. This has included continuing to embed the full range of diversity initiatives already in place across three broad headings of attraction and selection, building capability, and retention and engagement. This includes a detailed annual review of diversity statistics covering employee workforce make-up and career-related measures, such as performance, promotion and compensation, which is reviewed by our senior management team to allow for equality monitoring, progress tracking, and the identification of further areas of focus.

- As part of our diversity agenda and our continued desire to ensure equality and opportunities for all, we have designed an online training programme to build understanding and awareness of bias, including how to mitigate it. This programme is designed for all employees (building on the senior management face-to-face training from our 2015-16 Communication on Progress). The launch of this programme is part of our 2017-18 action plan.

- As part of our diversity agenda, we have worked in partnership with our Global Diversity Forum to create an intranet site dedicated to diversity and inclusion. The site will provide a resource for our employees to learn more about the importance of these themes to our business and read about how the company and they can support progress in these areas. It will also serve as a platform for more ideas and feedback to be submitted. The launch of this site is part of our 2017-18 action plan.

- Continued to embed the Global Learning Framework (through which employees can see all formal learning and development available to them), and 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, including the introduction of a mobile (cellular) app to ensure ease of access to our elearning.

- On the basis of feedback from our Global Employee Engagement Survey in 2016-17 we have begun scoping our priorities in relation to technical training for our consultants based in the different service lines globally across our business.

- Continued to roll out mentoring, allowing employees to learn from the experience and expertise of highly talented colleagues across our offices.

- Embedded further the communication around our longer-term company strategy and yearly objectives to ensure that individuals are aware of the contribution they are making to the company's success, and that they are rewarded fairly and consistently.

- Enhanced our promotion processes within the company, particularly at a senior level, to ensure that they are globally consistent, transparent and fair, and to ensure we are promoting people based on their talent, behaviours, work ethic, and commitment to our clients and the company. This process has been communicated through videos on the intranet, and is supported by workshops to ensure all employees understand the path to promotion.

- As part of our commitment to improve transparency and understanding of the reward employees receive, we have launched videos explaining the bonus scheme that can be accessed by employees globally.

# External engagement

## Engagement with our clients

As with the broader human rights agenda (see above), we believe that we make an important contribution to addressing international labour problems through our work with our clients.

We support clients in managing their exposure to the risks of modern slavery, human trafficking and other human rights issues within their supply chains. We do this through:

- Risk assessment. This includes supply-chain mapping to identify geographical and industry risk areas, as well as due diligence enquiries to examine the profiles of partners and suppliers.

- Monitoring compliance with international and regional standards. We have built up a particularly strong record in this area in the Middle East.

- Building internal systems and controls. This includes developing policies, and putting in place grievance mechanisms'.

- Problem-solving. We offer a combination of crisis management and investigations skills, including on-site visits, document analysis, and stakeholder interviews to identify control failures and recommend mitigation strategies.

## Thought leadership

We have written two articles covering the issue of labour standards in global supply chains in our *Middle East Riskwatch* client newsletter, and we contributed an contributed an article on labour welfare for the British Business Group Middle East.

## External conferences

In November 2016, Control Risks ran a workshop on 'Human Rights and Labour Risks: Are you Compliant?' at the Airmic conference for corporate risk managers in Birmingham (UK). The workshop discussed the changing regulatory environment with particular reference to the UK Modern Slavery Act, and presented an overview of best practice risk management approaches.

In January 2017 we participated as a panellist at the Institution of Occupational Safety and Health (IOSH) conference in Dubai, where we presented a seminar on best practices for contractors and subcontractors.

In Hong Kong, one of our partners addressed the annual supplier forum of a major fashion retailer on the issue of human trafficking and forced labour in March 2017. He spoke about the emergence of policy and regulation to address human trafficking and forced labour in the supply chain, and provided guidance on how to prepare for increasing disclosure requests from various stakeholders.

In April 2017, we co-sponsored and presented at the Innovation Forum in London on 'How Business Can Tackle Modern Slavery and Forced Labour'.

# Plans for 2017-18

In the year ahead we continue our commitment to our employer vision, and will be specifically implementing and embedding the following initiatives:

- Continue to ensure access to development and learning opportunities, focusing for 2017-18 on:

  - Launching phase one of formal technical training for all our consultants based in the different service lines globally across our business.

  - Further embedding those skills that support a high performance culture around giving and receiving feedback and setting objectives.

  - Programmes to support some of our key business management initiatives, such as commercial skills.

- Continue to enhance our positioning to a diverse range of potential applicants through further improvements to our careers website and supporting recruitment and on-boarding material.

- Launch an online training programme on unconscious bias for all employees.

- Launch the diversity and inclusion intranet page.

- Review of human resources information system provision to ensure a more joined-up approach to corporate data management. Potentially implement phase one of employee self-service within the human resources information system, which will raise the system profile, and within the company as a whole.

- Audit of health and well-being provision globally to identify any potential areas for improvement.

- Introduce travel risk awareness training into our cycle of mandatory training, alongside our health and safety refresher course, through our online platform as part of our commitment to fulfil our duty of care to employees. These courses raise awareness of potential medical, safety and security hazards that our employees could face when travelling for work, working at a client's site or within our own office premises. They also educate our employees in how to mitigate those risks.

# Environment

## Our policy 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.

## People and processes

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 CEOs put in place environmental initiatives for all offices within their region in line with the policy and local legislation. Regional environmental champions coordinate 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 in a voluntary activity, project or charity, several of which 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

In our 2016 Communication on Progress, we agreed to carry out the following activities:

- In our European and Africa Region, we will:

  - Write an environmental policy for our office in Nairobi that can be shared with other offices in Africa.

  - Implement a comprehensive recycling scheme in Nairobi by recycling newspapers and selling them together with the shredded papers. The money will be used to fund our environmental programme in Nairobi.

  - Run a green awareness day in Nairobi.

  - Maintain reduced paper consumption in our London office (equal to or less than the current target) and continue to reduce our electricity consumption by 5%.

- In the Americas, we will:

  - Identify local vendors for every office for biannual e-cycling which will also include mandatory requirement for e-cycling batteries.

- Use 100% recycled paper for all non-client facing reports.
- Eliminate use of paper cups in break rooms except for guests.
- In Asia Pacific, we will:
  - Ensure recycling programmes are being maintained in every office. This includes paper, glass, plastic and e-waste.
  - Run an energy reduction campaign. This will focus on:
    - Paper use through changes in behaviours, e.g. double-sided printing, two pages to a page printing.
    - Energy reduction through changes in behaviours, e.g. switching off lights when leaving offices, meeting rooms.

## Reducing workplace waste

We have had a concerted focus on this area in our offices, where consumption has been reduced by a number of actions:

- Replacing paper cups with reusable cups in our Washington DC, Bogota, São Paulo and all Asia Pacific offices.
- Replacing non-client-facing paper with 100% recycled paper in all seven offices in the Americas.
- E-cycling/recycling is now offered in all our offices in the Americas via building management.
- In our Asia Pac offices, we have implemented recycling programmes in every office. This includes paper, glass, plastic, print cartridges and e-waste. Where it can be, e-waste (e.g. mobile phones) is being sold to accredited recyclers and the funds used to buy replacement equipment.
- In our EurAf offices, we carried out a number of actions in our Nairobi office:
  - Reducing amount of printing by amending our printer settings to print two pages per sheet.
  - Recycling old newspapers to be used for polishing windows and wrapping packages.
  - Selling old newspapers with the proceeds being used to fund the East Africa environment programme.

## Shrinking greenhouse gas output

In the EurAf region, actions included:

- Our London office recently completed a major refurbishment that enabled us to consolidate from two floors to one. As a result, we have managed to reduce our printer estate and reduced the printing by 17%
- In Nairobi, we implemented a procedure to ensure all lights were switched off in meeting rooms when not in use and at night. We also made use of the natural light in the office when possible rather than using the office lights. In addition, all monitors are turned off at night.
- The Nairobi team has also implemented a policy to minimise travel by using a poll driver. They have also implemented an office challenge to use the stairs rather than the lift (elevator).

In Americas, our Bogota office replaced the office lighting system with LED lights.

In Asia Pacific, we have achieved energy reduction through design initiatives when renovating or relocating offices and behaviours. These include:

- Light switches or sensors in each office to turn off lights.
- Assessing the energy efficiency rating of the new building.
- Changes in behaviours, e.g. switching off lights when leaving meeting rooms and offices.

## Promoting environmental sustainability

As highlighted in our Communication on Progress 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.

In our EurAf region, as a result of our environment review in 2015-16, we outlined a number of actions that would take place by our Nairobi team to promote environmental sustainability.

- A green awareness day was run for the office and trees were planted in conjunction with the Kenya wildlife service in the Ngong Forest.
- They also nominated regional environment champions who coordinated and promoted the company's approach to environment management.

In Asia Pacific, actions included:

- Maintaining an energy reduction campaign with a focus on:
    - Paper use through changes in default settings on computers and behaviours, e.g. double-sided printing and two pages to a page printing.
    - Not printing training material and conference notes, and making them available through our SharePoint site.
    - Energy reduction through design initiatives when renovating or relocating offices and behaviours, e.g:
        - Light switches or sensors in each office to turn off lights.
        - Assessing the energy efficiency rating of the new building.
        - Changes in behaviours, e.g. switching off lights when leaving meeting rooms and offices.
- Participating in and promoting local energy/waste reduction programmes such as 'No plastic July'; and encouraging everyone to have a reusable coffee cup, not to buy plastic bottles and to use reusable shopping bags.

# Plans for 2017-18

In the year ahead, we plan to:

Within 2017-2018, we intend to focus on two main areas:

Continuing to reduce waste and our impact on the environment

We will achieve this by:

- In Asia Pacific, we will reduce waste in each office by replacing rubbish bins with recycling bins in all of our offices where possible. We will also run plastic-free competitions to reduce the amount of plastic used by our employees.
- In EurAf, we will also continue to reduce waste by replacing rubbish bins where possible and introducing recycling bins where we do not currently have them.

## Supporting local communities

We will begin to focus on how we can help vulnerable communities that are being impacted by client change by committing to four key projects run by our Americas and EurAf environment champions. These projects will aim to support a local community by helping them to adapt to climate change, or to help a community already impacted by climate change by providing time and resources.

# Anti-corruption

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

## Our policy commitment

Control Risks' commitment to the Tenth Principle is expressed in our Code of Ethics, which is available on our external website (www.controlrisks.com/About Us) 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, engage in acts of corruption 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 likewise available on our website. The policy makes specific reference to the UK Bribery Act and 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. Other related policies and procedures address subcontractor management and whistleblowing.

In our standard Terms and Conditions for all client engagements, Control Risks agrees and warrants that it will not engage in any activity that would constitute an offence against national or international anti-bribery laws, and that it will maintain appropriate policies procedures and training to prevent acts of bribery.

## People and processes

### Internal training and awareness raising

In 2017 we have redesigned the online video training that all employees are required to complete. This now consists of four two-part modules: 'Setting the Scene', 'Intermediaries and Third Parties', 'Client Relationships: Hospitality and Gifts' and 'Resisting Pressure to Pay Bribes'. The script focuses on real-life experience, and includes case studies contributed by Control Risks employees in high-risk environments such as China, Iraq, Kenya and Nigeria. In these case studies, they report the kinds of challenges that they have overcome, for example pressure to pay bribes in return for government services or utilities, and how they have dealt with what often amounts to a form of extortion.

All Control Risks employees – from the CEO to the most junior new recruit – are required to complete the video training, and to take a short test to ensure that they have understood its contents. The video will now replace an earlier version as part of the induction training for all new employees.

The release of the video in June 2017 was a key part of our anti-corruption refresher training. At the same time, we integrate anti-bribery principles into the training we give on specific business processes, for example client engagement and the management of subcontractors (see below).

In 2017-2018, we will be designing additional ways to reinforce the anti-corruption message, and share experience in how best to tackle the problem. There will be a particular emphasis on the employees who are most exposed to the problem by virtue of their job functions and the regions where they work.

### Third parties and subcontractors

Our Code of Ethics, our Anti-Bribery and Anti-Corruption Policy, and our training all place particular emphasis on the potential integrity risks associated with third parties and subcontractors. As stated in our Code of Ethics, our overall policy is:

> Control Risks expects its suppliers, subcontractors, representatives and joint venture partners to adhere to integrity principles that are consistent with our own.

We apply this policy through a rigorous set of procedures for the selection, preparation, engagement, training and management of subcontractors. 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 Group Risk Director and Group Audit Manager conduct regular risk reviews and internal audits of all key business units and offices. Between May and September 2017 our Group Audit Manager has been leading a global review to ascertain levels of awareness of our Anti-Bribery and Anti-Corruption Policy. Her brief includes a requirement to understand how the policy has been embedded in regional offices, and to review the adequacy of related controls and processes.

As noted above, 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 call a hotline managed by a reputable third-party provider that operates independently of the company management.

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.

# External engagement

### Engagement with our clients

Our most important external engagement is with our clients. In this regard, our work ranges from integrity due diligence and risk analysis to policy development, training and complex problem-solving. We are well versed in the demands of international extra-territorial anti-bribery legislation, a large part of our work involves helping our clients to apply international principles in complex local markets with poor governance records.

### Engagement with civil society

We are long-standing supporters of Transparency International UK's Business Integrity Forum. We regularly participate in its meetings and in May 2018 will be hosting the forum's main annual conference.

Similarly, we work closely with Transparency International Australia (TIA). In November 2016, on TIA's behalf, we hosted a lunch to discuss strategies to mitigate corruption risks in emerging markets, with a particular focus on China.

Control Risks in August 2017 gave a presentation on 'collective action' to tackle corruption at a conference in Yangon (Myanmar). The workshop was jointly organised by the Myanmar Centre for Responsible Business and the UN Office on Drugs and Crime.

### Contributions to government policymaking

In Australia, we play an active part in government consultation processes relating to anti-corruption. In February 2017, we made a submission to the Department of Foreign Affairs and Trade (DFAT) in response to a call for input for a forthcoming white paper. Our contribution highlighted opportunities for deeper Australian engagement in the international anti-corruption agenda.

Similarly, we made two further submissions to Australia's Attorney-General's Department in May. One related to possible amendments in the Criminal Code on foreign bribery offence, and the other to proposed new legislation to introduce Deferred Prosecution Agreements in relation to corruption offences. Also in May we joined with DFAT to co-host a training event in Sydney on combating international business corruption.

In August, one of our consultants testified at a hearing of the Senate Economics References Committee, which is conducting an enquiry into 'the measures governing the activities of Australian corporations, entities, organisations, individuals, government and related parties with respect to foreign bribery'.

# Thought leadership

### RiskMap

In January, we launched our annual RiskMap campaign, presenting our global forecast of business risk in 2017. This included an examination of topics related to anti-bribery and corruption. We analysed the global regulatory landscape in an article entitled 'Regulation's Multilingual Morass', and included a more focused examination of corruption in articles entitled 'Fighting Corruption in Central and Eastern Europe' and 'Corruption in Mexico'.

### International surveys

In May 2017 we presented our flagship *International Business Attitudes to Compliance* survey, drawing on responses from 1,000 compliance professionals worldwide. The survey reviewed a broad range of global compliance issues, from anti-corruption, to anti-money-laundering, anti-trust, privacy and data protection. The report emphasised that it was time for both company boards and compliance officers to 'get real': senior executives need to recognise the scale of the challenges their companies face, and give compliance officers the resources and authority they need to tackle them.

We discussed the findings of the survey in roundtables in Switzerland, Sweden, Copenhagen, London and Amsterdam. The report was reviewed in a range of media channels from the UK's *Daily Telegraph* to France 24 television and *India Today*.

As in earlier years, we have provided analytical support for the *ASEAN Business Outlook Survey 2016-17*, conducted by AmCham Singapore and the US Chamber of Commerce, which includes a series of questions on business integrity issues. Among other findings, the most recent survey pointed to demands for 'facilitation payments' as a significant obstacle to business in South-east Asia. We discussed the implications in a follow-up article for the FCPA Blog.

### Control Risks webcasts and newsletters

Control Risks CEO Richard Fenning has continued his series of video interviews with senior anti-corruption specialists. These are available both on our website and YouTube. In Frankfurt in November 2016 he interviewed Jermyn Brooks, the chair of Transparency International's Business Advisory Board, together with Control Risks Senior Partner Robert Boyd. The most recent interview was in Paris in June 2017, when Richard Fenning and Control Risks partner Maria Knapp discussed the 'New Landscape for Compliance' with Christian Dargham from Norton Rose Fulbright LLP.

We regularly discuss anti-corruption issues in our *Nota Bene* online newsletter, which is intended for a legal audience, as well as in regional newsletters such as *Asia Pacific Riskwatch* and *Middle East Riskwatch*. All these are publicly available from our website.

### Anti-corruption conferences and seminars

Control Risks regularly contributes conferences, seminars and workshops on anti-corruption issues.

In Europe, we presented on 'Whistleblowing in International Organisations' at the Foreign Bankers Association Conference in Amsterdam in October 2016. In November 2016, we hosted a workshop on anti-corruption programmes at the Compliance Week Europe conference in Brussels. In March 2017, we sent several representatives to the OECD's Global Anti-Corruption and Integrity Forum in Paris. Two of our India-based colleagues contributed a research paper on India's 2016 demonetisation drive: 'A case study on innovation in anti-corruption policies, government communications and political integrity'. In June 2017 we co-sponsored the International Bar Association's Anti-Corruption Conference, which was held at the OECD headquarters in Paris.

Meanwhile, in Asia, our contributions included speaking at a Wall Street Journal seminar, 'Anti-Bribery: How to Stay within the Law', in Singapore in November 2016. In China we have recently partnered with a law firm to host a series of forums in Beijing, Shanghai and Hong Kong entitled 'Regulatory risks of doing business in China and Asia', and these included a particular focus on anti-bribery and corruption.

In the Americas, we addressed anti-corruption issues at conferences organised by the International Project Finance Association (Mexico City, November 2016), Ethisphere (New York, March 2017); Legal Ethics Compliance (São Paulo, Brazil, May 2017) and the American Bar Association Criminal Justice Section (São Paulo, June 2017).

### Contributions to external publications

Our contributions to external print and social media publications include articles on how to remove the stigmas associated with whistleblowing (Reuters, September 2016); the new French anti-corruption laws (Les Echos, France, October 2016); the political consequences of corruption in Mexico (Foreign Affairs, October 2016); corruption and reform in Brazil (Foreign Affairs, October 2016); future prospects for anti-corruption in the Indian state of Uttar Pradesh (Economic Times, India, March 2017); the limitations of traditional investigative approaches in Asia (Forbes, May 2017); global and regionally specific compliance policies (FCPA Blog, June 2017); and cross-border investigations in Latin America (*Compliance & Ethics Professional*, June 2017).

## Plans for 2017-18

In 2017-18 we plan to review and strengthen our internal anti-corruption training and awareness-raising programme. There will be a particular focus on:

- The need to monitor our subcontractor and supplier relationships regarding ethical conduct.
- The need for anti-corruption briefings for third parties who work with us on business development.
- The need for risk workshops, changes to our Code of Ethics and initiatives to raise awareness to prevent the facilitation of tax evasion following the introduction of the UK Criminal Finances Act 2017.

Meanwhile, we plan to continue and expand our thought leadership activities, including further research on the potential 'disconnect' between corporate head offices and frontline employees on anti-corruption compliance.

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