

Control Risks

The Global Compact

Communication on Progress 2018



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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 tenth Communication on Progress. It represents a succinct summary of sustained engagement across all our offices. At the heart of our work is the conviction that an ethical approach to risk-taking is essential to success: we provide our clients with the insight and intelligence that they need to realise opportunities responsibly. We apply the same approach to our own business activities.

One of our most recent milestones has been the launch of our internal human rights training programme across our business. This is based on a series of videos that present the key international instruments, notably the UN Guiding Principles on Business and Human Rights. They then explain how we apply these principles in our client engagement process and when managing complex projects. Meanwhile, we continue to play a leading role in promoting professional standards, including on human rights, in the International Code of Conduct Association (ICOCA) for private security providers.

In the related field of labour, we are placing an increasing focus on helping clients manage worker welfare risks in their supply chains. Our consultancy offering in this area includes risk assessment, advice on internal controls, monitoring and problem-solving. In these areas we are building up a particularly strong record in the Middle East.

Control Risks does not provide technical environmental consultancy services. However, we apply our risk management skills to a wide range of potential crises, including natural disasters such as hurricanes and floods. We help our clients reduce their risk exposure and respond to disasters, thus contributing to the economic and social resilience of the communities in which they work. In 2017/18 we helped North American companies respond to a series of crises resulting from abnormal weather events in the Caribbean. At the time of writing, we are helping clients prepare for the 2018 hurricane season.

In the field of anti-corruption, our main contribution is our consultancy work with our clients, which ranges from integrity due diligence and risk analysis to policy development, training and complex problem-solving. Meanwhile, we contribute our expertise to the public policy debate on measures to resist corruption. The UK government cited research in its Anti-Corruption Strategy 2017-22, which was published in December 2017. In the past year we have prepared written submissions to parliamentary consultation processes on anti-bribery laws in both the UK and Australia. We continue to apply high integrity standards to the conduct of our own business.

I look forward to reporting on our progress next year.

Richard Fenning

Richard Fenning
CEO, Control Risks

About Control Risks

Control Risks is a global specialist risk consultancy that helps to create secure, compliant and resilient organisations in an age of ever-changing risk. Our headquarters is in London, and we have a network of international offices in every region and every time zone. In this Communication on Progress, we report on behalf of the entire Control Risks Group.

Control Risks exists to make our clients succeed. Working across disciplines, technologies and geographies, everything we do is based on our belief that taking risks is essential to our clients' success. We provide them with the insight to focus resources and ensure they are prepared to resolve the issues and crises that occur in any ambitious global organisation. We go beyond problem-solving, and give clients the insight and intelligence they need to realise opportunities and grow.

Control Risks and the UN 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. At the same time, we are conscious that we can always go further in our pursuit of excellence. We therefore value our association with – and the opportunities to learn from – the UN Global Compact network of companies across the world.

We recognise the important role that business will play in advancing the UN Sustainable Development Goals (SDGs). 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 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-corruption strategies, including 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.

The structure of this report

The structure of our Communication on Progress (COP) reflects our understanding of the nature of our contribution to the UN Global Compact's objectives. The four main sections address the Compact's key themes: human rights, labour, the environment and anti-corruption. With one exception, each of these contains five sub-sections:

- ▶ Our policy commitment presents a summary of our policies in these core areas.
- ▶ People and processes focuses on the practical implementation of these policies within our company, for example through training and internal procedures. 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, which covers client acceptance and engagement as well as project management. Both parts of the policy make clear that we must include human rights, anti-corruption and other ethical considerations as an intrinsic component of our risk management, along with operational, financial and legal risks.
- ▶ Our clients describes our role as "enablers", briefly explaining how we help our clients engage with human rights, labour and anti-corruption issues. We do not offer environmental consultancy, and therefore this section does not appear under "environment".
- ▶ External engagement and civil society reviews our public role in promoting higher standards through publications, conferences, participation in civil society initiatives, and other forms of thought leadership. Again, this section does not appear under "environment".
- ▶ Plans for 2018-19 summarises our objectives for the year ahead.

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.

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:

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. The company recognises that protecting the environment supports the human right to live in a healthy and sustainable environment.

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 in the ethics section 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 our Human Rights Policy remain unchanged but we keep it under constant review. The most recent amendments were made in April 2018 to take account of our new Supplier Management Policy (see [Labour section](#)).

People and processes

Human rights risk and impact assessment

Our two-part Client and Project Risk Management Policy states that:

Control Risks employees must assess and manage the ethical, legal, financial and operational risks to the Company at every stage in the client project cycle. Ethical risks are paramount: Control Risks will not undertake any assignment that compromises our reputation for integrity.

It elaborates by stating that "We will not take on an assignment that leads us to cause or contribute to human rights abuses".

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

In the case of a small number of particularly complex or high-risk projects, we set up an additional risk committee which is responsible for reviewing risks – including potential human rights concerns – at regular intervals. The committee does this in association with – but independently of – the project management team.

Human Rights

The Ethics Committee

The Ethics Committee's tasks include considering a ruling on any proposed work that could pose an ethical or reputational risk to the company, as well as advising on ethical concerns that may arise during the course of an assignment. The committee is chaired by our government and international relations adviser, a senior retired diplomat. Its standing members include the CEO, the general counsel and one other member appointed by the CEO.

The committee met ten times in 2016 and 16 times in 2017.

Training

In March 2018 we launched our new internal human rights training course. This takes the form of eight videos followed by a short test. The training is available to everyone, and mandatory for all senior employees within internal corporate functions and members of the following teams: Crisis and Security Consulting; Compliance, Forensics and Intelligence; Global Risk Analysis; and Response and Cyber Security.

The first four videos explain our commitment to the Universal Declaration on Human Rights and the UN Guiding Principles on Business and Human Rights, and review the particular issues associated with security, human rights and labour. In accordance with the Client and Project Risk Management Policy, the fifth and sixth videos explain how our business teams should assess potential human rights concerns when taking on new clients and projects. The final two videos emphasise the need for continuous risk assessment in the course of our assignments, and explain how and when to report problems.

We provide regular, specially tailored face-to-face training on human rights to our employees operating in Iraq.

Internal whistleblowing procedures

We encourage employees who wish to raise concerns to talk to their managers in the first instance. If they feel uncomfortable doing so, they may make a confidential report using a whistleblower hotline managed by an independent external provider. Our Whistleblower Policy, which is published on our Intranet, explains our procedures for maintaining confidentiality and respecting the rights of all parties to the complaint. We highlight our whistleblowing procedures in our human rights and anti-corruption training, for example.

Third-party complaints and grievance procedures

Control Risks is committed to handling grievances from third parties in a transparent and fair manner. Third parties that wish to register a grievance or complaint are invited to send an email to ethicsenquiries@controlrisks.com. We explain our response procedure in a link under the ethics section of our external website.

External engagement

Engagement with clients

We regard human rights as a cross-cutting issue that applies to all our main service lines. 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 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.

Promotion of professional standards in the international security industry

Control Risks continues to be a major supporter of the Geneva-based International Code of Conduct for Private Security Providers. Chris Sanderson, one of our senior partners, has now served five years as one of four directors representing the private security industry on the Board of the International Code of Conduct Association (ICOCA). Chris is also now serving a second term on the Board's executive committee.

Human Rights

Together with government and civil society colleagues, Chris works to ensure that ICOCA's activities reflect the imperative for high operational standards and respect for human rights. Over the past year, the association has made significant progress in developing processes to certify and monitor members' compliance with ICOCA standards, as well as in promoting effective grievance mechanisms. At the time of writing, the Control Risks Iraq team is gathering the required evidence of compliance for its application for ICOCA certification. Our Iraq business successfully maintains its accreditation to both PSC-1 and ISO18788 standards via an external audit process.

The ICOCA secretariat has recently undertaken a series of international field reviews to study the operating environment for member companies. Control Risks employees in Nigeria and Iraq have supported these visits by sharing our knowledge and experience of local conditions.

In the UK, Control Risks was one of the three founding members of the Security in Complex Environments Group (SCEG), which works with the UK government to promote regulation and standards for the UK-based private security industry. Having chaired the organisation for its first three years, Control Risks continues to be an influential voice in its development, and Richard Wylde, another senior partner, sits on the SCEG's executive committee.

Participation in external conferences and workshops

A Control Risks consultant represented the company at the annual UN Forum on Business and Human Rights in Geneva in November 2017.

In Singapore, one of our consultants spoke on "Beyond Philanthropy – Responsible Business Conduct" at a Human Rights Day seminar on business and human Rights organised by the EU delegation.

Plans for 2018-19

In the year ahead, we will:

- ▶ Raise awareness of our whistleblower hotline and policy with a new poster design that will be displayed in all offices.
- ▶ Review our refresher training on human rights and anti-bribery matters for consultants who are "embedded" within our clients' security teams on a long-term basis.

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.**

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 company 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.

Labour

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, and our internal procedures are designed to ensure that this remains the case.

In accordance with our Subcontractor Management Policy and Supplier Management Policy, we expect our vendors to abide by our Anti-Corruption Policy and Code of Ethics when working on the company's behalf, including our principles on labour practices.

Drawing on our internal risk review of potential exposure to labour welfare risks, we have placed a particular focus on our relationship with suppliers of personnel for tasks such as cleaning or driving services, noting that in many jurisdictions such services are provided by migrant workers who may be more vulnerable to exploitation. During the vetting stage, we look closely at each agency's recruitment and employment practices, for example with regard to the payment of overtime and the availability of grievance mechanisms.

Our Human Rights training course includes a module on the human rights risks associated with labour and modern slavery, and emphasises our commitment to international labour standards. This is to ensure that our employees remain alert and understand their responsibility to escalate any concerns.

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.

Labour

- ▶ 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 2017-18, we have:

- ▶ Made further progress on our diversity and inclusion agenda. This has included:
 - ▶ The launch of an e-learning programme for all employees designed to raise awareness of diversity and inclusion and unconscious bias. This includes real-life work scenarios designed to mitigate unconscious bias in our people decisions.
 - ▶ Working with our internal Global Diversity Forum to launch a dedicated diversity and inclusion intranet page. The aims of the page are to raise awareness of the business case for diversity and inclusion, keep our employees up to date with the company's approach and progress in this area, and drive discussion and debate.
 - ▶ 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 initiatives to develop diverse local talent pipelines, such as our African graduate programme and a detailed annual review of external research, market trends and diversity statistics covering workforce make-up and career-related measures. This is reviewed by our senior management team to allow for equality monitoring, progress tracking, and the identification of further areas of focus.
- ▶ We have continued to nurture a high performance culture through an integrated approach to learning and development to ensure individuals are enabled to realise their optimum potential. This includes on-the-job training, mentoring, coaching and face-to-face training. Some of the key initiatives for 2017-18 have included:
 - ▶ Continual review of the process of promotion to partnership so that it is fair, consistent, transparent and free of bias, and ensuring that individuals have both access to information and transparency about the process.
 - ▶ Running talent-development programmes that support our high-potential employees in their ongoing leadership careers.
 - ▶ Continuous review and refinement of our Learning & Development offering, such as our commercial skills training, to ensure it supports the business strategy.
 - ▶ Designing and developing our approach to supporting individuals with specific technical training to ensure they are equipped to perform specialist roles within particular practice areas.
- ▶ Introduced 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, or working at a client's site or in our own office premises. They also educate our employees on how to mitigate those risks.
- ▶ Reviewed and scoped changes to our global recruitment and onboarding process, including new recruitment material, how we welcome employees to the company, and how we build their knowledge in the first few months of their employment. The aims of the review include ensuring our approach is inclusive to all candidates and employees, and that employees are provided with the tools and knowledge to successfully start their new roles at Control Risks. Changes will be launched in 2018-19.

Labour

External engagement

Engagement with our clients

Our most important external engagement is with our clients. Alongside our other work on integrity risks (see [Anti-corruption section](#)) we are placing an increasing focus on helping companies manage worker welfare risks in their supply chains. Our work in this area includes:

- ▶ Risk assessment. We help clients to identify the projects, activities and drivers that could most expose them to welfare risks.
- ▶ Building controls. We work with clients to review their existing controls, benchmarking them against international best practice, and suggesting enhancements where need. We provide training to internal and external stakeholders to ensure that controls are implemented effectively.
- ▶ Monitoring and reporting. We monitor compliance with worker welfare standards using first-hand resources in our clients' countries of operation. This includes site assessments to independently evaluate the effectiveness of controls and, where necessary, to identify potential grievances before they escalate.
- ▶ 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 report on labour issues in our Middle East Riskwatch client newsletter, which is published on our external website. Recent issues have included analysis of the latest developments in worker welfare in the Middle East, as well as an assessment of the implications of forthcoming new Modern Slavery legislation in Australia.

Plans for 2018-19

- ▶ Enhance the continued professional development of our employees through the launch of additional technical and consulting skills training and by continually updating our current offering.
- ▶ Launch and embed the changes to our global recruitment and onboarding process as outlined above.
- ▶ Continue to attract and develop diverse high-potential talent through graduate and talent development programmes.
- ▶ Continue to explore ways to access career opportunities for local communities, for example in London, through working directly with local schools to offer work experience to students who would not typically have access to this.
- ▶ Regarding labour risk among our suppliers, we plan to launch a specific campaign with our colleagues across our global office network who are responsible for managing our relationship with suppliers that provide personnel such as cleaners. This engagement will raise awareness of the relevant training available and vetting procedures.
- ▶ Introduction of global principles around maternity and paternity leave and pay, as well as flexible working.

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.

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 Health, Safety and 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.

Environment

Activities

In our 2016-2017 report, we agreed to the following actions:

- ▶ Continuing to reduce waste and our impact on the environment
 - ▶ In Asia Pacific we are making progress in reducing office waste by separating rubbish into different categories for recycling, notably in China.
 - ▶ 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 climate 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.

Outcome

Reducing workplace waste

In Asia Pacific, we have reduced waste by replacing rubbish bins with recycling bins in all our offices where practical. Offices are being encouraged to remove bins from all desks so that all waste is sorted into the relevant bins e.g. recycling or waste. Some offices have banned disposable cups, including when purchasing coffee at cafes. We are running plastic-free competitions to reduce the amount of plastic used by our employees e.g. reusable lunch boxes as opposed to plastic wrap; fines (voluntary) for anyone that uses a plastic bag or disposable cup. The money collected is then donated to a charity.

In our Iraq business, we have focused on reducing plastic waste. A growing number of occupants at Baghdad's Carman Business Centre (where Control Risks Iraq is headquartered) resulted in an all-time peak in the centre's bottled water consumption by the end of 2017, with an average of 21,600 bottles of water consumed each month – more than a quarter of a million bottles per year. Understanding the dire effects of the huge and unnecessary quantity of plastic waste created as a result of this, our team sought alternative solutions to acquiring sanitary drinking water for the centre's occupants.

The solution: a reverse osmosis system was installed within the camp, which connects directly to the main, unsanitary municipal water supply. The system produces up to 1,600 litres of drinkable water daily. Reverse osmosis is an extremely effective and efficient seven-phase filtration process, which can produce clean drinking water from even the most unsanitary of sources. Upon testing our filtered water, we found that it was even cleaner than the commercially available bottled water in Iraq.

By placing water dispensers throughout the Carman Business Centre and distributing reusable canteens to all Control Risks employees and guests, this solution has shown a 65% reduction in disposable plastic bottle waste, amounting to more than 168,000 bottles per year. Expenditure on drinking water also realised a commensurate decrease. With substantial numbers of employees and guests living and passing through the centre every month, the aim is for this culture to spread across Baghdad and actively contribute towards reducing plastic bottle waste in Iraq.

The team in Iraq have made additional changes:

- ▶ Replaced all lights for LED and energy saving bulbs.
- ▶ Journey management forms have gone digital in the last four months, saving printing over 250 pieces of paper a day and decreasing our ink usage.
- ▶ Added two new toolbox talks that are delivered to employees on pollution and general environmental awareness.

Environment

In our offices in Europe, we have implemented recycling bins, and actively switch off monitors and printers overnight. We have also replaced bottled water with a filter system in our German offices.

Supporting local communities

In Asia Pacific, we used the opportunity to take paid volunteer days to enable us to focus on climate change impact. In recent years the mountainous region of Ladakh (India) has suffered a series of disastrous floods, and these may be the result of long-term climate change. In September 2017 one of our Singapore-based consultants volunteered to convene and facilitate a workshop on Disaster Risk Reduction in the region. The theme of the workshop, which was co-sponsored by the National University of Singapore and two local NGOs, reflected Control Risks' wider emphasis on risk management and resilience across different disciplines. Our consultant has co-authored a paper on Ladakh disaster risk, and this will be published in Springer International's series on Advances in Asian Human-Environmental Research.

Within our Europe & Africa team we focused on local community work in Nairobi. Our strategy for sustainability in Nairobi is to help to educate young people about the impact humans have on the environment, while also focusing on contributing to the local community. In May we went to Cheleta Primary School in Nairobi to plant indigenous fruit trees, in an aim to engage the students and the local community to take part in environmental conversation efforts. The main purpose of planting the fruit trees was to provide an additional source of nutrition for the local community.

Within our Americas region, we supported many companies throughout the hurricane season. While Control Risks does not provide technical environmental consultancy services, we apply our risk management skills to a wide range of potential crises, including natural disasters such as hurricanes and floods. The early resumption of business activity helps to mitigate the economic impact of such disasters. We help our clients to reduce their risk exposure and respond to disasters, thus contributing to the economic and social resilience of the communities in which they work. In 2017/2018 we helped North American companies respond to a series of crises resulting from abnormal weather events in the Caribbean. At the time of writing, we are helping clients prepare for the 2018 hurricane season.

2018-19 activities

In 2018-19, we will focus on the following key activities:

- ▶ We will commit to using only reusable plastic or glasses for water in our offices.
- ▶ We will commit to at least two projects to help a local community deal with climate change in our Europe & Africa region.
- ▶ We will join the Simba Corp Foundation in Nairobi to assist with their tree-planting project, which will include calculation of carbon footprint and geomapping.
- ▶ We will support rain water harvesting projects in public primary schools in Nairobi.

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):

Business integrity goes beyond compliance with the law, and involves the application of our core values. Control Risks does not pay bribes directly or indirectly and does not engage in any acts of corruption including the facilitation of tax evasion within our business relationships. 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 in which 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. The policy was revised and updated most recently in April 2018. The amendments included explanatory detail, for example on gifts and hospitality, but the principles of the policy are unchanged.

Other related policies and procedures address client and project risk management, subcontractor management, and whistleblowing. Control Risks includes corruption risk assessment as an integral part of our review process before taking on new clients. 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 in place appropriate policies procedures and training to prevent acts of bribery.

People and processes

Internal training and awareness raising

All Control Risks employees – from the CEO to the most junior new recruit – are required to complete regularly updated anti-bribery and anti-corruption training.

The latest iteration of our company-wide anti-corruption training package was released in 2017 and includes a set of six video modules covering key legal principles, third parties, facilitation payments and how to respond to demands for bribes that come as a form of extortion. These modules include contributions from Control Risks employees in different parts of the world sharing their own experiences of how to respond to integrity challenges, including in high-risk areas. After studying the modules, employees are required to take a short test to make sure that they have understood the key principles. This training is compulsory for all employees and is included as part of our induction package.

In 2019 we will be developing a new round of face-to-face anti-corruption training to complement and reinforce the messages from the video training, and this will be compulsory for all employees.

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. Our overall policy is stated in our Code of Ethics:

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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, and these include a focus on anti-corruption.

Internal whistleblowing and ethics consultation procedures

As noted above (see **Human Rights**), 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'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. Examples of our work in this area include:

- ▶ Advisory support on the most appropriate structure for in-house compliance and investigative functions; training the professionals who work in those roles.
- ▶ Conducting ethics and compliance risk assessments that focus on the realities of our clients' external operating environment and the most appropriate compliance controls.
- ▶ Reviewing company compliance policies and procedures and their implementation. We benchmark against internationally recognised best practices.
- ▶ Using forensic and data analytics techniques to identify weaknesses in compliance controls and provide recommendations to enhance those controls.
- ▶ Designing and delivering engaging and effective ethics, compliance and crisis training workshops.
- ▶ Supporting our clients in developing resistance strategies to deal effectively with corrupt demands and other extortion situations, always with a focus on business continuity.
- ▶ Providing insight and helping organisations proactively manage changes in enforcement trends and political developments that affect global governance standards.

Engagement with civil society

We are longstanding supporters of Transparency International UK's Business Integrity Forum: we regularly participate in its meetings and in April 2018 we hosted the forum's flagship annual event at our London office. Our contributions included a presentation by one of our

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partners to a panel discussion on “How can businesses use technology to mitigate against corruption risk?”. Meanwhile, our German office is likewise an active supporter of Transparency International’s Germany chapter, and regularly participates in their conferences.

Our Sydney office is an active participant in the Australian UN Global Compact Network, and one of our consultants serves on its Anti-Corruption Leadership Group.

A Control Risks consultant participated in the OECD’s annual Global Anti-Corruption and Integrity Forum in Paris in March 2017. In a side event on the second day of the conference he took part in a meeting of the Recommendation 6 Network. This is an informal initiative led by two members of the OECD’s High-level Advisory Group on Anti-Corruption and Bribery, and involves a group of volunteers representing business, civil society and the legal profession. Its objective is to formulate draft guidance on the principles that should govern negotiated settlements in corporate bribery cases. These will in due course be submitted to the OECD Working Group on Bribery.

Contributions to government policy-making

The UK government cited Control Risks’ survey on *International Business Attitudes to Corruption* in its *Anti-Corruption Strategy 2017-2022*, which was published in December 2017. In July we prepared a written submission for the House of Lords (the UK’s upper house of parliament) Select Committee on the UK Bribery Act 2010. Our submission emphasised the act’s positive long-term contribution to the raising of international compliance standards.

Similarly, in Australia we play an active part in government consultation processes relating to proposed new anti-corruption legislation. Our most recent contributions include a submission to the Attorney-General’s Department in July 2018 to offer comments on a draft Code of Practice for Deferred Prosecution Agreements (DPAs) in relation to economic crime.

In Romania Control Risks has been co-opted as a member of the platform for independent external advisers, which supports the Romanian Ministry of Justice in the implementation and monitoring of the Romanian National Anti-Corruption Strategy (NAS). This initiative is supported by the European Commission and the Council of Europe. Control Risks has confirmed its willingness to participate in pro bono audit missions led by the ministry’s Department for Fraud Prevention at selected key state-owned entities. We would be playing an advisory role, sharing our expert knowledge of international best practice alongside representatives of professional services firms and representatives of the US, Germany, UK, and Netherlands Chambers of Commerce in Romania.

Thought leadership

Control Risks webcasts and newsletters

Control Risks regularly publishes material on anti-corruption best practice on its external website. Notable samples over the last year include a webcast interview with [Hui Chen](#), former compliance counsel expert at the US Department of Justice, in November 2017. Our commentaries covered topics ranging from Saudi Arabia’s [anti-corruption crackdown](#) (also November 2017) to [the use of artificial intelligence and big data in investigations](#) (June 2018), [whistleblowing policy](#) (June 2018), and the enforcement outlook [in Colombia](#) (July 2018).

Similarly, we regularly discuss anti-corruption issues in our *The Point* online newsletter (earlier known as *Nota Bene*), which is intended for a legal audience, as well as in regional newsletters such as *Africa Riskwatch*, *Russia/CIS Riskwatch* and *Middle East Riskwatch*.

Contributions to external publications

As in earlier years, we provided analytical support for the ASEAN Business Outlook Survey 2018, conducted by AmCham Singapore and the US Chamber of Commerce, which includes a series of questions on business integrity issues. Corruption again emerged as one of the greatest concerns for US companies across ASEAN, albeit with considerable variation across countries. We contributed follow-up analysis in an article on the implications for specific countries and industries in an article for the [FCPA Blog](#), which serves as a leading forum for reporting and discussion of international anti-corruption developments

In the course of the year, our other contributions to the FCPA Blog included articles on business partner risks, the links between political risk analysis and compliance, legal developments in Australia, a corruption case in Iraq, how to use resources from other company

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departments to boost compliance efforts, the introduction of deferred prosecution agreements in Singapore, and Germany's record of enforcing its laws against foreign bribery.

Other external media contributions include a [special report](#) on Latin America in partnership with Ethisphere. This included an article by two of our consultants how artificial intelligence and big data are changing anti-corruption efforts. Other contributions included a piece on “[Combating Corruption: Speaking to a New Generation](#)” with a particular focus on China, also published in Ethisphere; legal and compliance developments in [Mexico's energy sector](#) for the Forbes blog; and a review of [the implications of Australia's new anti-corruption laws](#) for the *Strategic Risk Asia Pacific Newsletter*.

Plans for 2018-19

In the coming year we will revise and update our internal anti-bribery and anti-corruption programme:

- ▶ We will design a set of face-to-face training modules to include interactive scenarios based on real-life dilemmas and case studies.
- ▶ As part of the design process, we will engage employees on ABC matters in order to understand which dilemma scenarios and case studies require most attention.
- ▶ We will implement the training in all our offices as part of our mandatory compliance programme.

