Control Risks

The Global Compact

Communication on Progress 2020

UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

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CEO's Statement of Support for the Global Compact

I am pleased to reaffirm our continuing support for – and commitment to – the UN Global Compact. We believe that the practical application of the values that the UN Global Compact expresses is even more important during the continuing coronavirus disease 2019 (COVID-19) pandemic. We express our support for these values through our policy commitment, our work with clients and our thought leadership, all of which are covered in this report.

Resilience and sustainability in the broadest sense are at the heart of Control Risks' mission. Since the pandemic started, we have been working internally and externally to withstand the immediate crisis and to prepare the way for an equitable, sustainable recovery. Our advice has been informed by long experience in helping clients to manage a range of crises and critical events, stemming from natural and human causes. Our contribution includes the ability to apply a systematic approach that helps our clients to set the right priorities and to focus on the issues that really matter. In those respects, our responses to COVID-19 have involved a high degree of continuity alongside dramatic change.

Human rights

Our commitment to human rights has been a constant theme across our activities. Earlier this year we sent a submission to the UN Working Group on Business and Human Rights in response to its call for input for its report on "Connecting the business and human rights and the anti-corruption agendas", which was presented to the UN Human Rights Council in July 2020. We argued that companies should address both human rights and anti-corruption topics as part of a combined corporate responsibility agenda. We believe that companies' ultimate reference points on both sets of issues should be expressed in terms of ethics as well as compliance. Treating corporate responsibility as a unified whole makes more efficient use of resources, and the involvement of both internal and external stakeholders can help boards to build better, more resilient and more valuable businesses.

In line with this approach, our commitment to human rights has involved both internal and external engagement. Internally, human rights are an integral component of the risk assessment procedures that we require when taking on or managing client assignments, particularly in complex and high-risk environments. Externally, we contribute to high professional standards through our engagement with the International Code of Conduct Association (ICoCA), which promotes best practice in human rights in the security sector, as well as through our work with our clients.

Labour

In the field of labour, we apply common principles in our duty of care to our employees as well as our consultancy for external clients. These principles include a commitment to diversity and inclusion. Notable internal developments in the past year include the launch in October 2019 of two employee-led in-house business resource groups: Mosaic, which is for LGBT employees, and the Women's Network. The two groups share common objectives: to support the company's policy of diversity and inclusion; to enhance its diversity and inclusion profile among clients, partners and friends; and to provide a collegial forum for all to raise and discuss matters of common interest. Externally, advice to our clients on labour rights is emerging as an increasingly important part of our consultancy, as clients pay closer attention to the human rights implications of complex international supply chains.

COVID-19 has presented significant challenges on both fronts. On a personal note I am deeply grateful for the resourcefulness with which our colleagues have adapted to the new working practices that the pandemic requires. We have done everything possible to support them at every level of management. Meanwhile, across our international network we are acutely conscious of the human impact of the pandemic and the intense pressures faced by many of our clients. In our advice we highlight that short-term recovery and long-term sustainability require responsible relationships with business partners throughout international supply chains. Our consultancy activities have included helping our clients to understand the networks that support them, including in the areas that are most vulnerable to the pandemic, and assisting them in strategies to ensure their long-term sustainability.

Environment

We recognise that as an international firm with a global client list, our business activities have global environmental impacts. This year, we strengthened our resolve to work actively to tackle these impacts by revising our Code of Ethics to include a clear statement that we will conduct business in a manner that provides for the protection of the environment. We now say that we will, as practicable, continue to reduce
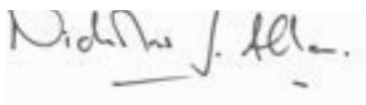
the environmental impact of our operations and support the transition to a low-carbon economy by using resources as efficiently as possible, and by educating and motivating our colleagues to be environmentally responsible.

COVID-19 has unquestionably changed the way that our business functions, including a sharp reduction in international travel. When the pandemic eventually subsides, some parts of our operations will have to return to previous patterns so that we can continue to provide our clients with the support that they need. However, we wish to take on board lessons that will help us to preserve environmental gains, for example by developing new work-from-home and travel guidelines, and making still greater use of video-conferencing. In the medium term, these practices may reduce our direct environmental impact as we require less office space.

Anti-corruption

Long-term business recovery will be jeopardised – or, at best, distorted – in the event of systemic integrity failures within individual companies or government structures. However, in all too many cases, the commercial pressures that accompany the pandemic have revealed existing frauds. At the same time, the relaxation of compliance oversight as a result of the pandemic creates conditions in which multiple forms of malfeasance can flourish. Against that background, the UN Global Compact's Tenth Principle – the commitment to work against all forms of corruption – is more important than ever. While maintaining high internal standards, we are working with our clients to face the integrity challenges that accompany COVID-19. We do this through our established service lines, for example anti-corruption risk assessments and review, as well as by developing new techniques involving the use of digital technology.

Working on many different fronts across the world, I am confident that we will continue to find new solutions to complex integrity problems in the year ahead. In all these activities, we confidently affirm the principles that the UN Global Compact stands for.

Nick Allan
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 COP, we report on behalf of the entire Control Risks Group.

Control Risks exists to make its 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 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. Working with our clients, we believe that we can make a substantial contribution to the promotion of good governance.

Structure of report

The structure of our 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 four 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, and includes a summary of the latest developments.

▸ **External engagement** reviews our role in promoting higher standards through our work with clients, as well as participation in civil society initiatives and other forms of thought leadership.

▸ **Plans for 2019-20** 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 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 Signatory of 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 corporate responsibility section of our website.

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.

Where appropriate we develop country-level policy and guidance documents to reinforce the Group Human Rights policy with a focus on matters of particular local concern.

In accordance with our commitments under the UK Modern Slavery Act, we publish an annual statement summarising the steps that we have taken to ensure that slavery and human trafficking are not taking place either within our business or in our supply chains. Further detail is given in the Labour section of this report.

People and processes

Human rights risk and impact assessment

Our Client and Project Risk Management Policy states that senior management must undertake a full assessment of both ethical and operational risks before submitting a proposal for a new assignment. The policy states that "We will not take on an assignment that leads us to cause or contribute to human rights abuses". Our In-House Guide to Human Rights Due Diligence and Human Rights Impact Assessments offers supplementary guidance based on the UN Guiding Principles on Business and Human Rights.

Formal risk registers are mandatory for assignments where the pre-acceptance review process has identified significant risks, including human rights and other ethical risks. Management teams use the registers as a tool to monitor and update our risk assessments, and to respond as needed.

We maintain country-level risk registers as an established part of our broader risk management processes. Project-specific 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.

For a small number of particularly complex or high-risk projects, we set up an additional risk committee that is responsible for reviewing risks – including potential human rights concerns – at regular intervals. It does so in association with – but independently of – the project management team. Currently, special risk committees are in place for five such projects, and these meet at least quarterly.

Human Rights

The Ethics Committee

The Ethics Committee's tasks include considering and 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 in the course of an assignment. The committee is chaired by our Government and International Relations Advisor, a senior retired diplomat. Its standing members include the CEO, the General Counsel and one other member appointed by the CEO.

The committee met eight times between 1 August 2019 and 31 July 2020.

Training

In 2019-20 we reviewed the contents of our online human rights training course, which was designed by a Control Risks in-house team, and takes the form of eight videos followed by a short test. 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.

The training is available to everyone, and mandatory for all senior employees within internal corporate functions as well as all members of the following teams: Crisis and Security Consulting; Compliance, Forensics and Intelligence; Global Risk Analysis; and Response and Cyber Security. In August 2020, we required all employees in these categories to redo the training to reinforce their knowledge.

We provide tailored face-to-face training on human rights to our international employees in Iraq at the outset of their deployment, and issue regular reminders of our human rights commitments. We also provide face-to-face Arabic-language human rights training for our local employees in Iraq, and update this regularly. Similarly, we provide human rights training for local recruited employees in connection with major projects in Mozambique. We also deliver a human rights training package to the Mozambican soldiers that are provided through our Memorandum of Understanding with the Ministry of National Defence. We refresh both sets of training twice a year.

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 our whistleblower hotline, managed by an independent external provider. We are keen to ensure that employees feel comfortable to use the hotline if necessary, and have revised our Whistleblowing Policy to highlight the ways in which they may do so anonymously. Over the last year there has been an increase in the number of people who have used the line, including one case that implied serious misconduct.

Third-party complaints and grievance procedures

Control Risks is committed to handling grievances from third parties in a transparent and fair manner. Third parties who 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 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, our security consultants apply VPSHR and the ICoC guidance, as well as the lessons learned from our own experience, in the recommendations that we make to our clients. Recent projects of note include supporting an extractive sector client in West Africa. We worked with a multidisciplinary team to undertake a comprehensive security and human rights risk and impact assessment. This included the formulation of a project security plan that was developed with the consent of the local community, together with appropriate grievance mechanisms.

Human Rights

In 2019, we developed a social risk and human rights e-learning course to brief our clients' security personnel on the human rights obligations of states and companies, as well as public and private security providers. The course includes case studies on how corporate security may interact with local communities, and presents recommendations on how to comply with human rights principles. We are expanding our core security training courses to include additional modules on disability, diversity and inclusion.

Human rights is an increasingly common theme in our external consultancy on supply chains. This includes conflict minerals risk assessments, as well as assessments of exposure to modern slavery risks (see Labour section below).

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 Association (ICoCA), whose purpose is to promote, govern and oversee implementation of the ICoC. In late 2020, Control Risks partner Chris Sanderson stepped down from the ICoCA Board after serving for two terms as one of four directors representing the private security industry. Since then, we have contributed to ICoCA's mission in other ways, for example by contributing to a podcast on COVID-19 and the future of responsible security. In October 2019, we achieved formal ICoCA certification in relation to our provision of security services in Iraq.

Control Risks is also a leading participant in the Security in Complex Environments Group (SCEG), a special interest group within the UK industry body Aerospace, Defence, Security and Space (ADS). SCEG represents private sector security and risk management companies that are committed to the development and implementation of international standards in their industry, including the protection of human rights. Richard Wylde, Control Risks' Director for Government and Defence, was appointed Chairman of SCEG's Executive Committee in January 2020.

Control Risks is working with ICoCA, SCEG and their members to ensure the responsible provision of security throughout the COVID-19 pandemic. This includes consideration of new and innovative means to verify high operational standards and respect for human rights within their memberships. The presence of SCEG and ICoCA members across all continents continues to be a critical element of this mission. Meanwhile, SCEG continues to deepen cooperation between ICoCA and the US-based International Stability Operations Association (ISOA) with a view to promoting common standards, including on human rights.

Thought leadership

We were the only private sector company to send a submission to the UN Working Group on Business and Human Rights in response to its call for input for its report on "Connecting the business and human rights and the anti-corruption agendas", which was presented to the UN Human Rights Council in July 2020. Our submission focused on the question "What can human rights practitioners learn from their anti-corruption colleagues?" We argued that companies should address both human rights and anti-corruption as part of a combined corporate responsibility agenda. We believe that companies' ultimate reference points on both sets of issues should be expressed in terms of ethics as well as compliance.

We regularly publish reports on human rights and modern slavery issues on our online subscription services for clients.

Participation in external conferences and workshops

In November 2019, two Control Risks consultants represented the company at the annual UN Forum on Business and Human Rights in Geneva, as well as the Sporting Chance Forum organised by the Centre for Sport and Human Rights. We also take part in regional conferences such as the EU delegation's annual Human Rights Day conferences in Singapore and the Asia Business and Human Rights Forum (which was conducted online this year).

Plans for 2020-21

In the year ahead, we plan to:

▶ Develop new approaches to refreshing our human rights training, particularly with regard to high-risk environments.

▶ Review and revise our risk assessment procedures in relation to the human rights impacts of our international office network, including with regard to labour rights and modern slavery risks (see following section).

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;
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> **Principle 5:** the effective abolition of child labour; and
>
> **Principle 6:** the elimination of discrimination in respect of employment and occupation.

Our policy commitment

Labour welfare and modern slavery

Our Code of Ethics states that:

▸ Control Risks is committed to building a workplace and a society that give equal opportunities to all, regardless of a person's race, ethnicity, gender, gender identity and expression, sexual orientation or disability.

▸ We recognise that policies demand actions and that there is more work to be done by us and society at large to tackle injustice and institutionalised barriers to advancement.

Our Human Rights policy further states that:

▸ Control Risks has zero tolerance for modern slavery and human trafficking: it is committed to implementing effective systems and controls to ensure that neither practice is occurring anywhere in its supply chains.

In compliance with the UK Modern Slavery Act 2015, Control Risks publishes an annual statement on the steps that we are taking to ensure that slavery and human trafficking do not take place in our business or supply chain. The statement is published on the home page of our website.

Commitment to people

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 and inclusion are key elements 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.

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.

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- 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. We emphasise 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

Modern slavery risks and our relationship with subcontractors and suppliers

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.

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 Code of Ethics, Human Rights Policy, and Anti-Bribery and Anti-Corruption Policy when working on the company's behalf, including our principles on labour practices, as well as diversity and inclusion.

Drawing on our internal risk review of potential exposure to labour rights, 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.

Internal employment practices

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

Activities

Responding to the COVID-19 pandemic

In 2019-20, as part of our duty of care we have placed particular focus on ensuring the wellbeing of our employees across each phase of the pandemic. This has included:

- Establishing global principles for dependency leave, sickness absence and pay to remove uncertainty and to ensure a minimum level of cover was in place for all employees.

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- Providing physical and mental wellbeing guidance for employees and managers, covering topics such as remote working, structuring your day, breathing techniques, stress and anxiety.

- Establishing health and safety protocols when transitioning back to working in offices. Employees have had the opportunity to share their views on returning to the office via internal surveys and their wellbeing has been at the centre of the guidance issued, which has included an emphasis on flexibility to take account of individual circumstances and concerns.

- Ensuring regular communication between the company and employees to remove uncertainty and signpost support through leadership videos, podcasts, intranet articles and one-to one manager check-ins.

- Affirming our commitment to preserve jobs, using voluntary hours reduction and voluntary pay deferrals to preserve cash and reduce costs wherever possible.

As part of our duty of care to employees, we have always paid particular attention to travel security and health. In general, we have minimised travel during the COVID-19 pandemic. For those who are required to travel, and are able to do so, we have introduced additional country- and region-specific guidance and briefing processes. These take full account of the evolving health situation at the local level in the countries concerned.

Reinforcing our commitment to diversity and inclusion

In October 2019, as part of our commitment to diversity and inclusion, we launched two employee-led in-house business resource groups: Mosaic, which is for LGBT employees, and the Women's Network. The two groups share common objectives: to support the company's policy of diversity and inclusion; to enhance its diversity and inclusion profile among clients, partners and friends; and to provide a collegial forum for all to raise and discuss matters of common interest.

Since their launch these network groups have grown their membership, kicked off new initiatives and hosted numerous events across the globe.

Global employee survey

We have conducted a global employee engagement survey, enabling employees to voice their opinions on topics ranging from culture and leadership to reward and career development. The high response rate of just under 80% produced positive results and provided valuable insights as we shape and progress our future plans, particularly in learning and development, career management, mental wellbeing and reward.

Focusing on the development of our people

As part of this activity, we have:

- Refocused our learning to better support the company's vision. For example, we launched a new professional selling course to support our people as we focused on business development skills.

- Refreshed content and launched a programme for new managers that builds into a more comprehensive management and leadership curriculum.

- Refreshed performance management strategy to reinforce the connection between the company strategy and an individual's objectives.

- Continued to attract and develop diverse high-potential talent through graduate and talent development programmes.

- Continued to invest in compliance and technical skills training.

- Launched phase one of an absence management system, which manages the request and sign off process for annual leave. This has for the first time allowed global reporting of leave by employees, supporting managers in driving a wellness agenda, particularly relevant in the lockdown situation of COVID-19.

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Developing a career framework

We have started to build a more comprehensive career framework that provides:

▶ Greater clarity and understanding around career progression and expectations for employees at each level in the organisation.

▶ A basis for consistency in recognising levels of experience and how individual performance is measured and rewarded.

▶ Support and guidance for business managers to help with career discussions and career development.

▶ A way of ensuring that we are attracting and retaining the right skills and diversity of workforce for the future.

We have also redesigned our methodology for building pay scales and agreed an implementation plan with our Executive Committee. Pay scales will provide greater structure and transparency to compensation management. They will be rolled out in line with the update to the career framework.

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 to 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 needed. 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.

▶ Stakeholder mapping and engagement. We work with companies to help them to introduce best practices in worker rights into their supply chains and sectors.

Recent highlights include:

▶ Providing an embedded team of consultants to monitor a major construction project in Dubai against industry-leading welfare requirements. This included onboarding contractors, monitoring employment practices, reviewing accommodation and training suppliers across the country.

▶ Developing a welfare management system for a European client, including a labour rights policy, controls and responsibilities, investigation protocols, and a monitoring programme.

▶ Due diligence on labour law and human rights compliance for an international telecommunications company in Nepal and Sri Lanka.

▶ A modern slavery risk assessment in the maritime sector in Nigeria.

On a similar note, we express our commitment to diversity in our work for our clients by advising them on issues that may affect staff who are deployed to countries with a recent history of discrimination on the basis of gender or sexual orientation. A recent example was a project for a philanthropic organisation focusing on children and covering a range of related areas, including maternal and child health, as well as

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adolescent sexual health. We worked with our client to develop a consistent approach to assessing and benchmarking threats in its key countries of interest in Africa, Asia and the Americas, including threats and developments of particular interest to beneficiary groups such as women, children and members of the LGBT community.

Our services now include the publication of regularly updated global and regional monitoring reports analysing and summarising the latest developments in the COVID-19 pandemic. We have been providing these reports free of charge to some 30 non-governmental organisations (NGOs).

Thought leadership

We report on key international developments in the field of labour welfare and modern slavery in our CORE online subscription service. Our thought leadership contributions on our external website include an article in April 2020 by Dubai-based Director James Lewry on the impact of COVID-19 on workers in international supply chains. The article highlighted the human costs of supply chain vulnerability and outlined six ways in which companies could put workers at the heart of their recovery processes. These included seeking risk assessments with suppliers, encouraging dialogue with workers and ensuring independent grievance reporting. A follow-up article in May 2020 discussed the political and operational risks arising from disruption to supply chains. In addition, we presented a series of podcasts on supply chain risks in June 2020, including with regard to labour rights.

We also contribute to external publications and social media, for example to the US-based Society for Corporate Compliance and Ethics (SCCE) blog. Recent contributions include an article on the UK government's statement on its efforts to prevent modern slavery in its supply chains. It is the first government in the world to make such a statement. It was scarcely reported because of the distractions of the COVID-19 pandemic. However, we argued that it represents an important affirmation of UK government policy with implications for both local and international business.

Plans for 2019-20

▶ Refine our approach to modern slavery risk assessment to make it more systematic and more closely integrated into our broader risk assessment processes.

▶ Continue to focus on supporting employees through the COVID-19 pandemic, running pulse surveys to obtain feedback from employees to assess what is working well and what further support is required.

▶ Raise greater awareness of mental health, providing further tools and resources to encourage wellbeing and support employees.

▶ Refresh our diversity and inclusion aims and publish internally our statements of intent in relation to encouraging greater diversity throughout the organisation. Continue to promote a truly inclusive culture where employees can confidently bring their whole selves to work and where we develop sustainable relationships in the communities in which we operate. Use technology to assist us in measuring progress in this area, whether in relation to current or future employees.

▶ Continue our focus on people development:

  ▶ Maintain focus on developing skills in five domain areas: management and leadership; business development; consulting; technical; and compliance.

  ▶ Continue to align learning to the longer-term business strategy, for example by increasing our investment in skills related to data science.

  ▶ Adjust focus to respond to COVID-19. We will deploy tactical learning to support the shift to remote working and will increase our focus on business development skills.

  ▶ For delivery of learning, we will accelerate the shift to a blended learning approach, using an appropriate mix of e-learning and virtual classrooms.

▶ Launch the career framework and embed pay scales in line with the approach above.

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

We recognise that as an international firm with a global client list, our business activities have global environmental impacts. This year, we strengthened our resolve to work actively to tackle these impacts by revising our Code of Ethics to include a clear statement that we will conduct business in a manner that provides for the protection of the environment.

Our Code of Ethics sets out the principles according to which Control Risks operates and our commitment to maintain the highest standards of integrity and to act ethically. On the environment, we now say that we will, as practicable, continue to reduce the environmental impact of our operations and support the transition to a low-carbon economy by using resources as efficiently as possible, and by educating and motivating our colleagues to be environmentally responsible. What this means in the long term is that we wish to work towards the development and implementation of environmentally sustainable strategies and technologies.

Control Risks' commitment to the environment is also outlined in the environmental aspects of our Health, Safety and Environmental Policy. The policy makes a commitment to "safeguarding the health, safety, security and overall well-being of our people, our clients and the communities who may be affected by our global operations". It adds that:

Emphasis must also be placed on protecting the environment and acting in a socially responsible manner, in compliance with applicable HSE laws and regulations to ensure our activities have a positive impact on our neighbours and society.

Further statements in the policy include:

▶ 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:

▶ **Reducing workplace waste** by cutting consumption and increasing recycling of office materials.

▶ **Shrinking greenhouse gas output** by increasing energy efficiency and reducing the carbon intensity of our operations.

▶ **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 to 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.

Environment

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 are 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.

External engagement

Our work with clients

Our positive indirect environmental impacts relate to the services that we provide, which can help our clients to anticipate and respond to future environmental challenges.

Control Risks has built its professional reputation on providing the best crisis and incident readiness, response and recovery services to clients around the world. We advise clients that crisis and incident management is one element of a broader resilience framework. The programmes, principles and practices we inculcate in our clients help them to ensure the safety of their people and avoid impacts on their assets, reputation and operations from a variety of disruptive events, including natural disasters such as floods, cyclones, bushfires and hurricanes.

We involve total or partial environmental elements in many of our situation-based exercises and workshops. We rehearse our clients' decision making, recording and accountability against the backdrop of environmental crises originating from internal or external sources. Examples of these include fires within recycling centres or industrial plants causing the release of dangerous chemicals, oil spills and accidents on land and at sea, and natural incidents, including earthquakes and tsunamis, that have an impact on communities around our clients' physical locations and those within their supply and customer chains.

Our North America practice has developed a specialisation in responding to extreme weather events as part of our wider crisis management expertise. In September 2019, when Hurricane Dorian, the strongest hurricane on record to hit the Bahamas, wreaked massive devastation and loss of life, we were able to assist a number of clients with rescue and relief efforts. One of our clients owned an oil storage facility that suffered significant damage from the storm. Our skilled team deployed to the client site and provided on the ground support advising in responsive remediation efforts to mitigate any potential environmental impacts. Our efforts included securing the facility's perimeter, providing situational reports and intelligence to allow for quick assessment of the damage, facilitating our client's connection with local law enforcement, and establishing a supply chain for the delivery of basic necessities to our client's employees. Over the last year we have also supported clients in locations including Australia with their in-flight and post-crisis reviews and the development or strengthening of resilience programmes. In doing so, we hope to make our own contribution to Sustainable Development Goal 11 – Sustainable Cities and Communities.

Helping local communities

In September 2019, 14 volunteers from the London office joined forces with Thames21 to clean up part of the Thames shoreline next to the O2 arena, London. They collected large quantities of single-use plastics and other waste to be quantified and used in scientific research being conducted by the Thames River Watch programme. This data could then be used to form robust evidence on the effects of plastic pollution and be used to drive environmental change through policy and further research. It had the immediate ecological benefit of creating a cleaner environment for wildlife and removing sources of microplastics that would otherwise travel to the North Sea and beyond. Closer to home, it had a profound impact on the volunteers, who were keen to share their experiences and make changes to their daily lives to reduce their plastic use after seeing the impact.

Environment

Various donations have been made to relief efforts over the past year, including to those affected by the catastrophic bushfires in New South Wales and Queensland during the Australian summer season of 2019-20.

Internal engagement

COVID-19

The pandemic has provided us with an opportunity to see that environmental issues can be tackled. COVID-19 has changed the way that our business functions. People are working from home, conducting international meetings by video conference, and practising social distancing. When the pandemic eventually subsides, some parts of our operations will have to return to how they were before the outbreak so that we can continue to support our clients. However, we wish to take on board lessons that will help us to preserve environmental gains.

The pandemic has shown clearly that, with information technology, much of our workforce can do their jobs remotely, at least for a temporary period. Globally, we have seen a significant reduction in the number of people commuting to work each day, which has resulted in a decline in emissions. An additional benefit felt in some cases by those not commuting to the office is improvements in the quality of life. The ease with which online working has been adopted means that the company is now considering how we can incorporate this more formally into some of our working practices and build on what we have learnt in recent months.

There has also been a significant reduction in air travel. For example, using travel expenditure data we estimate that the amount of non-recoverable/internal air travel undertaken by company employees globally dropped by 21% over the 12 months to 30 June 2020 (which includes an 88% drop in the latest quarter to 30 June 2020 compared with the same quarter in 2019). Although some air travel has resumed with the lifting of restrictions, the success of video meetings means that we will look to cut non-essential travel in the future.

Other internal activities

In our 2019-20 report, we committed to various initiatives to improve waste management, focused mainly on reducing regular office waste such as paper and plastics. Waste management is an important issue for Control Risks. Our efforts have included a review of our non-recyclable waste in various offices – including Colombia, Houston, Los Angeles, New York, Mexico City, São Paulo, Sydney and Singapore – and the replacement of some items with reusable or more sustainable alternatives.

In London, which is our largest office, and at our security training school in Shuttleworth we replaced much of our aged printing estate with a more energy efficient solution. We are also in the process of acquiring electronic signatures for use globally by our business. This should have a positive impact on the paper waste accumulated in our day-to-day business activities.

In relation to electronic waste (e-waste) such as equipment, we recently selected recycling suppliers in Bogota, London and New York that were able to meet our environmental standards, as well as provide secure disposal. In Sydney we now have a quarterly collection of e-waste for recycling.

In countries where facemasks are required during the pandemic, we have encouraged the use of reusable masks.

We do not yet have a complete picture of our waste footprint in all our locations as waste management infrastructure is poorly developed in many of the places in which we operate. However, in the next year the target is to develop a clearer picture of our group footprint.

We upgraded our video-conferencing facilities in London, Singapore and Frankfurt over the last year to reduce the need to travel to meetings.

In China and Germany, we encouraged a switch from plane to train travel for certain journeys. We had planned that the majority of our partners would use train travel to attend our annual partner forum and a location in Europe was selected to facilitate this. However, because of the pandemic this forum will now take place as a virtual meeting.

Environment

Plans for 2020-21

In 2020-21, we will focus on the following key activities:

▶ Develop a clearer picture of our waste footprint and introduce a greenhouse gas management plan to measure and reduce it.

▶ Develop work-from-home and travel guidelines to help us to preserve some of the environmental gains from COVID-19.

▶ Continue to help local communities with at least two projects annually.

Anti-corruption

Our policy commitment

Control Risks' commitment to the Tenth Principle is expressed in our Code of Ethics, which is available on the corporate responsibility section of our website:

▶ 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. 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.

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 appropriate policies procedures and training to prevent acts of bribery.

People and processes

Internal training and awareness raising

New employees are required to complete an e-learning anti-corruption training module when they join the company, and we reinforce our business integrity message through regularly updated training packages.

In 2019-20 we introduced an additional element to our existing training portfolio by sharing a business integrity "dilemma scenario" with all employees via e-mail. The scenario concerned a decision as to whether or not to take on an assignment providing security protection to a businessman with a history of controversial business practices. Everyone was invited to submit a vote.

According to the script, the services that we were being asked to provide would be completely legal and the scenario had no clear right or wrong answer. Our objective was to stimulate discussion on the kinds of ethical challenges that we regularly encounter. It certainly succeeded. We received several hundred replies, some taking a clear stance for or against, while others presented a more nuanced approach outlining the circumstances in which we might accept such a task, subject to certain conditions. The majority vote was against taking on the assignment. We plan to repeat this approach with further awareness-raising dilemma scenarios.

Anti-corruption

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:

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

Our Subcontractor Management Policy supports the Code of Ethics by requiring a rigorous set of compliance procedures for the selection, preparation, engagement, training and management of subcontractors. In 2020, we have developed a new online screening and management tool to support the implementation of this policy, and we rolled this out across our international network in July. The tool's key features include the automation of our bespoke vetting process workflows, and the creation of a centralised record of the completion status for each subcontractor. This ensures consistency in the application of our vetting process, and makes it easier to audit compliance. The tool also enables us to distribute training courses to our subcontractors and track their completion. The first course to be distributed in this way focuses on anti-bribery and anti-corruption standards. Control Risks employees responsible for managing subcontractors are expected to reinforce our contractual requirements by giving them verbal briefings on our Anti-Bribery and Anti-Corruption Policy, and to issue reminders whenever necessary.

Anti-corruption risk assessments and reviews

Our Group Risk Director and Group Internal Auditor conduct regular risk reviews and internal audits of all key business units and offices, with a focus on anti-corruption. Corruption-related risks and measures to address them are a recurrent feature of the risk registers prepared by country offices and project managers.

Similarly, business integrity is a key part of the risk assessment process that we undertake before accepting or bidding for new projects. Our Client and Project Risk Management Policy makes clear that "Control Risks is committed to the highest standards of business integrity. We will not take on any assignment that requires us, the client or a third party to pay bribes".

Internal whistleblowing and ethics consultation procedures

As noted above (see Human Rights section), our employees are encouraged to make an anonymous report if they suspect that a staff member is engaged in unacceptable or unethical conduct – including corruption – and 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. We serve private sector companies across all industries, as well as government and non-profit agencies.

In 2020, we have been working with our clients to address the particular challenges arising from COVID-19. Across our international operations we have seen an upsurge in fraud cases, partly because patterns of malpractice become more exposed in times of crisis, and partly because the pandemic in itself creates new opportunities for theft and corruption. Many of our recent business integrity engagements have been designed to address compliance as one part of a resilience and recovery programme.

We see compliance as an integral part of recovery. As one of our China-based clients remarked, the recovery process will be "like a marathon". Underlining that companies are ill-suited for long-distance struggles if their business model is weakened by fundamental compliance flaws, he added "you can't run a marathon with a broken leg". Examples of our work in the business integrity arena continue to include:

Anti-corruption

▸ Working with our clients to help them to formulate codes, policies and standard operating procedures that are tailored to their particular sectors and organisational requirements.

▸ Conducting risk assessments, often supported by data analytics, that are specific to each client's business model, commercial sector and geographical region.

▸ Reviewing and – where necessary – stress-testing anti-bribery and anti-corruption programmes to ensure that they are functioning effectively.

▸ Investigating and working with our clients to resolve problems, for example in response to whistleblower complaints.

▸ Designing both e-learning and face-to-face training programmes. For example, we are currently working with an international company operating in East Asia to support its sales team with "resistance training" on tactics to enable them to deflect or resist demands for inappropriate benefits from buyers.

Engagement with civil society

We are longstanding supporters of the Transparency International UK (TI-UK) Business Integrity Forum, and regularly participate in its meetings. As part of our engagement with the forum we hosted two integrity risk roundtables on operating in Latin America and the Middle East in the fourth quarter of 2019, and we have continued to take part in more recent roundtables.

In Sydney, our local office is an active supporter of Global Compact Network Australia (GCNA). In November 2019, we participated in the National Dialogue on Bribery and Corruption, a GCNA event. In May 2020, GNCA Director Kylie Porter interviewed Control Risks Singapore Partner Steve Wilford on the geopolitical implications of COVID-19.

From Singapore, Control Risks consultant John Bray participated in two webinars organised by the Washington-based Center for International Private Enterprise (CIPE) in June 2020. The first was on the integrity issues associated with Rebuilding Global Supply Chains in Southeast Asia after the pandemic. The second discussed compliance programmes for small companies in emerging markets. On a similar note, our Americas team contributed to COVID-19 resilience webcasts organised by Ethisphere, the not-for-profit company promoting business ethics, as well as a number of chambers of commerce.

In Singapore, we also took part in the September 2019 UK High Commission's Compliance Week conference, where our consultants joined panels on anti-corruption and on data analytics as a tool to combat financial crime.

Thought leadership

Control Risks regularly publishes material on business integrity issues and anti-corruption best practice on its website. Notable examples over the last year include articles on new anti-fraud legislation in Germany (January 2020), the global implications of the "Luanda Leaks" investigation in Angola (April 2020), and the need for development finance institutions to promote good environmental, social and governance (ESG) practices (July 2020). On a hopeful note for the future, we wrote an essay on taking the first steps to post-COVID-19 recovery, while warning of continuing exposure to heightened compliance risks. Together with our partners GAN Integrity, we recently published an eBook A compliance officer's guide to third-party risk management, summarising best practice.

Contributions to external publications

In June 2020, we launched the second edition of the Capacity to Combat Corruption Index, together with the Americas Society/Council of Americas and the Americas Quarterly. The index assesses Latin American countries' ability to uncover, punish and deter corruption based on three factors: legal capacity; democracy and political institutions; and civil society, media and the private sector. In the 2020 edition, the index's coverage was expanded from nine to 15 countries. It was widely reported in publications including the Financial Times, The Wall Street Journal and El Tiempo.

Data analytics is an increasingly important compliance tool, and in two recent articles John Kim of our Washington office shared some of the lessons that we have learnt, together with Matt Reeder, an Associate with Orrick Herrington & Sutcliffe LLP. The articles appeared in

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April and May 2020 in the Corporate Ethics Professional (CEP) magazine, published by the Society for Corporate Compliance and Ethics (SCCE). In May 2020, on another topical note, US-based Principal Bliss Khaw contributed an article to the SCCE blog on the compliance risks of medical equipment procurement in China in light of the challenges presented by COVID-19. Also in May 2020, we contributed an article to the US-based FCPA Blog, a leading digital forum on compliance risks, concerning the prospects for anti-graft reform in Asia in light of continuing political risks.

Plans for 2019-20

In the coming year we will:

▶ Continue to develop and enhance our anti-bribery and anti-corruption training, including by developing new dilemma scenarios and reinforcing our e-learning programme.

▶ Explore ways to implement consistent delivery of a verbal briefing to any potential third parties that may be engaged to support Control Risks with business development.