twentyfifty®

Communication on Progress

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To our stakeholders,

I am pleased to confirm that twentyfifty ltd. remains committed to supporting the Ten Principles of the United Nations Global Compact (UNGC) in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this, our fourth annual Communication on Progress, we describe our actions to improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We are a small company but one whose professional services are focused on, among others, helping large multinationals adhere to the principles of the UN Global Compact, especially those principles related to human rights and labour standards. We also commit to share this information with our stakeholders through our website and the Global Compact.

Our highlights this year include the significant thematic and regional expansion of our training activities related to business and human rights, as well as our contribution to the identification and eradication of modern slavery in global value chains via our work with multinational corporations.

We have also continued to explore how we as a company can contribute more effectively to the achievement of the Sustainable Development Goals (SDGs) through our work with clients. As virtually all of the 17 SDGs are linked to human rights – and expectations with regard to responsible business conduct as set out by the Ten Principles are unchanged – we feel that companies' approaches to the SDGs explicitly need to include respect for human rights. We will continue to promote this message with our clients and business partners in 2017.

We are committed to continuous improvement of our performance and look forward to any feedback on this report.

Sincerely,

Luke Wilde, Chief Executive

Lodle.

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

The purpose of twentyfifty is to build the capacity of companies to understand and address their impacts and lead change that serves business and society.

We are committed to respecting human rights in our own operations, our service delivery and our business relationships. We do this by working with multinational commercial clients to help them to implement their commitments to respect human rights. Since 2004, we have worked globally and across sectors, with a focus on extractives, technology, food & agriculture, tourism, technology & science and retail & garments. Following their arrival in 2011, the UN Guiding Principles on Business and Human Rights (UNGPs) have underpinned much of our client work.

We provide support in raising awareness, engaging internal and external stakeholders, program strategy and organisational change, and understanding and assessing human rights impacts as well as training, policy development and implementation. As a professional services firm, we aim to:

- Develop practical, implementable approaches to the UNGPs that deliver business benefits for our clients and provide organisational change support which enables these approaches to be implemented across global operations
- Encourage larger numbers of businesses, especially those operating in emerging markets, to implement the human rights principles of the Global Compact and the UNGPs
- Share, where clients allow, our work with wider audiences and encourage clients to be transparent about their progress and challenges in order to develop the collective knowledge and practice of respecting human rights.

Progress in 2016: Working with clients

Much to our regret, the standard terms of many of the contracts issued to us by public bodies as well as private companies limit what we can say about our work. However, when we can, we agree with our clients that they (and we) publish lessons from the project we undertake together to support the transformation towards a responsible and rights-respecting global economy.

Key activities this year included:

- We launched a <u>Human Rights Due Diligence Info Portal</u>, hosted by the Global Compact Network Germany and funded by the German Federal Ministry for Economic Cooperation and Development (BMZ). The portal supports companies to get started and advance their human rights practice. The portal features the updated <u>Human Rights Capacity Diagnostic</u> (HRCD), a tool to help companies assess and improve their management capacity to identify and manage their potential and actual human rights impacts. The tool was developed by twentyfifty, with funding from BMZ, based on over a decade of experience in advising multinational companies on human rights due diligence.
- We published a brochure called "Assessing human rights risks and impacts Perspectives from corporate practice" in both English and German. The publication presents five case



- studies on human rights risk and impact assessments and was developed with funding from the Global Compact Network Germany and the German Institute for Human Rights.
- We worked with a group of leading German automotive manufacturers and the Global Compact Network Germany to identify potential human rights impacts associated with minerals and metals used in batteries and magnets for electronic vehicles. Combined with research into the risks and impacts along the respective value chains we analysed questionnaires on human rights due diligence completed by the participating companies, with a view to identifying individual and joint opportunities for action. We will prepare a public summary report on the process and results in early 2017.
- We facilitated the Business and Human Rights Peer Learning Group of the Global Compact
 Network Germany including an exchange with companies from the Global Compact
 Networks of the UK, Italy, Spain and Netherlands in Geneva. The session included inputs
 from two members of the UN Working Group on the issue of human rights and transnational
 corporations and other business enterprises.

As planned last year, in 2016 we deepened and broadened our training offerings related to business and human rights. In partnership with local UN Global Compact networks and with funding from GIZ (the German agency for international development), we delivered training to businesses and others on topics such as:

- Human rights due diligence in practice (delivered in Germany, Switzerland and South Africa)
- Getting started with human rights due diligence (India, Japan)
- Human rights in procurement (Germany)
- Managing your social impact advanced training in human rights due diligence (Austria)
- Modern slavery: Putting effective due diligence in place (UK)



Training session "Getting started with human rights due diligence" – 9 November 2016, Mumbai

During this year, we also strengthened our engagement with small and medium-sized enterprises (SME) to enable more SME to get started on the journey to conducting ongoing human rights due diligence. We delivered training formats specifically aimed at SMEs and those who support them, such as local chambers of commerce. In partnership with the Global Compact Network Germany, we chose this focus as SME account for 99 per cent of European companies, yet support programs related to human rights are generally aimed at large corporations. Before the end of 2016, we will also publish guidance for chambers of commerce, industry associations, sector initiatives and others who work with SME. The publication is intended to support them in having conversations with SME around implementing human rights due diligence.

We share our knowledge and expertise on human rights as guest speakers at events, through webinars and via <u>regular online blogs</u>. In 2016, our webinars focused on human rights due diligence, making sense of human rights in procurement and doing business with respect for children's rights. Members of our team spoke about human rights topics at the following events:

- Confederation of German Employers' Associations (BDA) workshop presentation on "Human rights due diligence in the supply chain", February 2016
- Meeting of the Japanese Global Compact Network, April 2016
- DNWE (German Network for Business Ethics) and EthNA Kompetenzzentrum CSR (CSR centre
 of excellence at University of Applied Sciences Niederrhein) lecture series on "How can
 companies proactively approach human rights", June 2016
- Meeting of the Global Compact Network Germany, October 2016
- Lawyers against Poverty event on human rights reporting, October 2016
- School of Management Open Seminar, Bath University Centre for Business in Society, October 2016
- UN Annual Forum on Business and Human Rights, November 2016
- Two seminars with Sustainavision for the members of Japan External Trade Organisation
- Seminar on the UK Modern Slavery Act, 12 months on with Gowling WLG, December 2016

Our CEO also explained in an <u>article</u> for the business leaders' network Criticaleye why executive and non-executive directors should pay attention to the guidance on human rights for Boards published by the UK Equalities and and Human Rights Commission.

Progress in 2016: In our own operations

We seek to apply the same principles to our own operations as those we support our clients to implement, using the UN Guiding Principles as a reference point in our decision-making. twentyfifty is a member of the UNGC local networks in the UK, Germany and Switzerland, as well as a signatory of the Women's Empowerment Principles.

In contrast to our consulting engagements, where we do gain influence in the system via our multinational clients, as a micro business when it comes to our own operations, like other small businesses, our choices are limited to those which the system makes available to us. Therefore, we do not conduct comprehensive human rights impact assessments on our own operations and business relationships but we do use our knowledge to choose ethical or lower impact suppliers or business partners whenever possible, for example when we book travel or purchase computers. For example, we look for certified providers or consult websites such as <u>'rank a brand'</u> before making purchase decisions.



One area where we do encounter dilemmas is in who we choose to work with. In controversial cases we seek to ensure that all colleagues are involved in the decision-making, and satisfied with the conclusion. We generally base our decision on whether we feel our work will have a positive impact on the people (potentially) affected by the client's activities. Broadly, if we feel our experience and competencies can make a difference to people's lives, this is not an opportunity we want to walk away from. That said, we make these decisions on a case by case basis involving the entire team.

In 2016, we were faced with the opportunity to work with a company in the defense sector and applied our team-based approach to determine that we would offer training, but did not wish to continue into a consulting relationship with this company. We communicated our thought process to the company, which ultimately decided to choose a different provider.

Measurement of outcomes

In 2016, we provided formal training to 118 participants representing at least 86 organisations, the majority businesses, at 10 separate events.

Plans for 2017

In the year ahead, our plans are to:

- Support our clients to derive business and social value from implementing and communicating on the Sustainable Development Goals, with an explicit focus on respecting human rights in their value chains
- Help build awareness in relevant sectors of the value of minerals supply chain due diligence beyond "traditional" conflict minerals (3TG)
- Continue our thought leadership efforts and raise awareness on the opportunities of a human rights based approach in public fora and media



Labour

Principle 3: Businesses 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.

Labour issues are core elements of human rights and one of the main areas that we focus on in terms of providing consultancy. We have several labour standards specialists in our team. This gives us the capacity to support our clients to ensure local practices meet international expectations and the labour principles of the UN Global Compact.

In addition to working with our clients, we seek to make sure our own practices are exemplary. For us, fostering positive working conditions is essential to recruit and maintain the best talent. Our consultants will only be successful in supporting clients if they feel respected and treated fairly, have opportunities to develop and can find an adequate balance between work and personal life.

Progress in 2016: Working with clients

This year we significantly expanded our work on modern slavery, following the entry into force of the UK's Modern Slavery Act. We saw a number of companies turn to us for support with regard to the completion of their modern slavery statements, which often involved additional due diligence measures and not just reporting. These measures included helping companies understand the expectations of the Act, identify potential risks of modern slavery in their operations and supply chains, and develop roadmaps to begin to address these risks and impacts.

We helped increase corporate awareness of modern slavery in Germany, holding a <u>joint event</u> with the German chapter of NGO International Justice Mission in November 2016 in Berlin. Around 20 representatives of selected companies attended and a lively discussion followed the keynotes.

Other activities included:

- Webinar on modern slavery
- Half-day course on effective due diligence of supply chains in relation to modern slavery
- Speaking engagements on modern slavery
- · Articles and blogs on modern slavery

We also published guidance for companies on <u>strengthening women in global supply chains</u> (in German), in partnership with the Global Compact Network Germany and the German National Committee of UN Women. The publication makes the business case for empowering women in supply chains, highlighting the links to global sustainable development, suggests approaches for companies to take and provides examples of how leading companies have implemented these approaches in practice.

We are working closely with a large tobacco company to help implement their farm labour practices standard in their third party supplied supply chain, comprising 35 suppliers sourcing from almost 400,000 farms in 30 countries. The goal is to increase the company's understanding of social



conditions in its supply chain, support suppliers to put in place a continuous improvement process and be able to demonstrate measurable change. Given the impacts of the sector, whether to take on this project was the subject of debate within our team in 2015, but we collectively decided to do so, given that tobacco remains a legal, tradable commodity and the opportunity to improve working conditions on farms for a significant number of people.

Progress in 2016: In our own operations

Within twentyfifty's operations, we have sought to improve further our working practices in ways that align with our values, treat our people fairly and manage our geographically spread team. We have updated or introduced several relevant corporate policies, including our Code of Conduct, our Equal Opportunities Policy and our Flexible Working Policy.

We seek wide involvement in decision-making through regular team calls and through all-team face-to-face meetings. For example, in 2016, we collaborated to articulate our company values and compile an action plan to ensure we live up to our values in our everyday work. We also worked with our "Strengths Finder" results and teamed up to explore how we can further build on our strengths.

Our values

We are committed to living our values, with each other and with our clients.

PASSION In our company and in our work, we let our passion shine through, heart and soul.

CLARITY We strive for clarity. We seek to get to the essence of what is important and practical. We communicate clearly with each other and with our clients, using simple, clear and accessible language.

INTEGRITY We do what we say we will do, and we trust each other to do a good job. We are good custodians of our clients' funds and our own, and we do not engage in any activity which is illegal or improper.

RESPECT & INCLUSION In our business and in our consulting, we seek to ensure that everyone is given a voice. When necessary, we reach out to individuals or groups who need particular support to voice their needs and aspirations. We seek to ensure that our own business processes empower and do not discriminate, and we provide all means possible for concerns to be raised and appropriately resolved by our management.

RESULTS-ORIENTED We want to do work that is meaningful and impactful. We are focused on delivering results for our clients that also deliver broader positive impacts to society and, wherever possible, on measuring these results. We help our clients to address negative impacts, and to make a real difference, by enhancing their contribution to people, society and to the planet.

For us, diversity is a key success factor to ensure we can respond to client needs globally. Our team is diverse, with 11 languages spoken, a leadership team that is two thirds female and we provide flexible working arrangements to meet individual needs (e.g. to balance work and family life through working from home and flexible time). As a result of healthy business growth, we took on three new employees this year, all female, two of whom were previously associates of twentyfifty.

We support the professional and personal development of each team member, providing access to training, coaching and other forms of support as required to be able to reach their aspirations. This year, due to a particularly busy project workload, team members had little opportunity to access formal training. We will look to improve on this in 2017.

We do not use unpaid labour and negotiate fair contracts with our associates.



We have clear grievance channels and procedures. Employees may approach their line manager and either the chief executive or the chairman with any issues arising.

Measurement

- 100% of staff and several associates involved in coaching calls (both giving and receiving coaching)
- Three new employees taken on this year, all female.

Plans for 2017

In 2017, we plan to:

- Further expand our contribution to the eradication of modern slavery and forced labour in global value chains
- Promote women's empowerment and diversity, in alignment with the Women's Empowerment Principles, when working with our clients and business partners
- Identify opportunities for our employees to access formal training that supports their personal and professional development
- In our own operations, identify highest risk supply chains for modern slavery, review their existing commitments and actions to eradicate modern slavery from their operations and supply chain, and take appropriate action on this basis.



Environment

Principle 7: Businesses 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.

When working with clients, we seek to ensure that the environmental impact on people is considered, understood and addressed, in accordance with the UNGPs. In our own operations, twentyfifty is committed to minimising its impact on the environment wherever possible. Our biggest impact is the travel we undertake and this is increasing as we work further afield more often.

Progress in 2016: In our own operations

Wherever possible, we make use of public transport, and we make extensive use of teleconferencing and webinars to reduce the travel required (e.g. between the UK and German business and in our client work). However, in a global business flying is inevitable. We also see the direct value and need of face to face engagement when it comes to addressing sensitive topics such as human rights. Therefore, our consultants travelled mostly for trainings and workshop delivery to clients in a range of countries. Where possible, we aim to partner with local organisations in countries where our projects are located and this also enables us to reduce international travel.

twentyfifty's actions to promote environmental responsibility and reduce impact included:

- Recycling of office waste, including paper, packaging, stationery and office products
- Reducing the amount of printed materials, reports and written correspondence
- Purchasing second-hand IT equipment where suitable
- Use of local public transport and trains for business appointments as much as possible
- Sharing car journeys where possible
- Sustainable methods of transport to work such as walking and cycling
- Supporting our team members to work from home
- Offsetting carbon where the option is enabled by the travel service provider

For 2016, we had planned to ensure that all flight purchases include a carbon offset, or purchase an offset separately. We didn't do this comprehensively in 2016 but will carry this action forward to be completed in 2017.

Measurement

We have not had any measures in place in 2016.

Plans for 2017

In 2017, we plan to:

- Offer opt-out carbon offsets for our project-related flight travel in our client proposals
- Ensure that flight purchases include a carbon offset, or purchase an offset separately
- Continue to select, as far as possible, our business partners and suppliers based on their sustainability performance and purchase sustainably.



Anti-corruption

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

twentyfifty seeks to practice transparent, ethical, and honest business practices. We believe that business must include honesty in all our dealings, which includes speaking plainly and not using language that will mislead or confuse people that we are interacting with.

twentyfifty has put in place management practices to meet the requirements of the UK Bribery Act (2010) and we regularly review these. We do not tolerate any forms of bribery and corruption within our own operations or by associates or clients. We have an Anti-Bribery and Anti-Corruption Policy which is available on our website and communicated to all staff, and we maintain a Gifts and Hospitality Register.

Progress in 2016: Working with clients

Last year our plan for 2016 was to "strengthen the focus on integrating human rights through clients' compliance functions, building on existing anti-corruption processes". We did in fact focus more strongly on engaging with clients' procurement functions this year, working on issues such as modern slavery, rather than compliance. We still think that building on existing anti-corruption processes can be an effective avenue for integrating human rights more strongly in their organisations, and will carry this action forward to 2017.

Progress in 2016: In our own operations

This year we reviewed our Anti-Bribery and Anti-Corruption Policy and requested all staff to confirm in writing that they had read and understood it.

During the year, when our staff and associates have visited high risk areas, twentyfifty has ensured that our people are properly briefed on the customs and particulars of the area. We also ensured that staff feel comfortable with all aspects of personal security and provided security briefings prior to travel via an external data provider of security and risk information

Measurement

Our staff have reported no incidents of being offered or asked for a bribe this year.

Several gifts have been recorded on our gift and hospitality register, including the present of several handmade shirts to our Chief Executive by a client's supplier.

Plans for 2017

In 2017, we plan to:

 Strengthen the focus on integrating human rights through clients' compliance functions, building on existing anti-corruption processes.

