

An aerial photograph showing a winding dirt road that snakes through rolling green hills. The road starts from the bottom right and winds its way up and across the hills towards the top left, where it meets a sandy beach and the ocean. The hills are covered in lush green grass, and the ocean is a deep blue. A yellow vertical bar is on the left side of the image.

Adam Smith International: UNGC Communication of Progress

Communication of Progress

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Statement of Intent

3rd April 2019

To our stakeholders:

I am pleased to confirm that Adam Smith International reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

A handwritten signature in grey ink, appearing to read 'Jonathan Pell', with a horizontal line extending to the left.

Jonathan Pell

Chief Executive Officer

Introduction

We are Adam Smith International, a global advisory company that enables governments, economies and societies to transform lives. We work in partnership with governments, businesses and civil society to create and deliver custom-made solutions to the big issues facing the world.

As an employee-owned company that works in countries at all stages of development, we have a triple bottom line of financial, social and environmental accountability.

We believe we can achieve more in partnership with others than if we act alone. Our global operating model enables us to support our people and partners on the ground in delivering change in complex situations, in fragile states and where there is conflict. And by sharing our knowledge and experience, we can help to improve the standards of our industry, as well as the positive impact we can have on people's lives.

This is only possible if we think creatively about complex problems and deliver change through meaningful global and local partnerships.

We are governed by our core values, which shape our culture, underpin the way we behave and determine how we make decisions:

Partnership: Bringing together people from diverse backgrounds and adopting an inclusive approach to work. This requires effective communication, sharing information and building relationships.

Resourcefulness: Working in complex, challenging situations and using resources wisely to achieve high quality outcomes. We embrace responsibility, empower others and celebrate excellence.

Creativity: Finding new ways to create value through innovative thinking, technology and better ways of working. We aspire to challenge the status quo, make problem solving personal and learn from others.

As a triple bottom line company, we measure our success in terms of people, planet and profit. Over the last year ASI has taken a number of concrete steps to achieve this goal which include assessing our environmental impact and working towards certification as a B Corp (see <https://bcorporation.net/>) as well as rolling out a new Code of Conduct. The Code of Conduct is our mirror, helping our employees, associates, suppliers and partners make decisions in often difficult and complex operating environments.

In this Communication of Progress (CoP) we have identified specific policies, actions and measurement systems we have implemented in the last year (2018/19) to work towards addressing the UN Global Compact's (UNGC) Ten Principles.

We welcome feedback and opportunities to discuss our work and the ways in which we can improve.

Human Rights

UNGC Principles:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses

Assessment

Description of the relevance of specific human rights issues for the company (i.e. based on assessment of human rights risk). Description of policies, public commitments and company goals on Human Rights.

As a company delivering sustainable development often in fragile environments, we strive to maintain the highest standards of integrity, professionalism and efficiency in carrying out our work. As stated in our Code of Conduct, ASI respects and supports fundamental human rights and makes our position clear for all our people, suppliers and partners.

ASI is committed to preventing and reducing harm to children and vulnerable adults who may be in contact with our staff. All ASI staff and associates are required to adhere to our Safeguarding and Child Protection Policies. A member of our People, Talent, Legal and Ethics Team acts as our global Safeguarding Lead, creating a trusted point of contact for staff and consultants and any external stakeholders, to raise concerns and ensure that any safeguarding matters are investigated, disciplinary measures are taken where claims are substantiated, and processes are improved to prevent reoccurrence.

Beyond basic compliance with applicable employment and labour laws, ASI is committed to working with donors and partners to apply best practice through our supply chains and to use our expertise to help end human trafficking, modern slavery (sex trafficking and compelled labour) and all human rights abuses.

Implementation

Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

ASI promotes a culture of openness, accountability, and high ethical standards. As part of our employees', suppliers' and partners' duty under the ASI Code of Conduct and Partner Code of Conduct, they must report suspected or actual violations of law and regulations, as well as ASI's policies in relation to fraud, bribery and corruption, counter terrorism, human trafficking, modern slavery and safeguarding. ASI employees and other stakeholders can raise concerns through multiple channels, as outlined in our Speak Up policy, including an independent Speak Up hotline.

Through the launch of our new Code of Conduct and Partner Code of Conduct in 2018, we have actively informed all our suppliers, partners and employees of our commitment to human rights. The Code of Conduct is now a part of our contractual agreements with suppliers, partners and employees, ensuring our position is clear, and all those we work with have a guide by which to make the sometimes-difficult decisions we face in our day to day work.

As part of the onboarding process, employees are required to pass the following e-learning modules:

- Safeguarding Children
- Harassment and bullying at work
- Modern slavery
- Equality and diversity in the workplace
- UK Bribery Act

ASI has a robust Third Party Screening process, which requires due diligence to be conducted on our partners and suppliers, including checking for any human rights violations using ASI's Third Party Screening tool, which screens over 200,000 international sanctions lists and media sources, including lists of companies and individuals linked to modern slavery and human trafficking.

Measurement of Outcomes

Description of how the company monitors and evaluates performance.

Our online Learning Management System records completion rates of the modules outlined above. We are committed to ensuring all employees complete our e-learning modules.

ASI has an independently operated “Speak Up” hotline. To date, we have not received any reports relating to human rights abuses.

Labour

UNGC Principles

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.

Assessment

*Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities).
Description of written policies, public commitments and company goals on labour rights.*

ASI supports the UNGC principles on labour standards in addition to following local laws on employment and labour rights.

ASI recognises that everyone should be treated with dignity and respect in the workplace. ASI's Equality, Diversity and Dignity at Work Policy has the UK Equality Act 2010 at its core (as well as comparable legislation in the other jurisdictions in which we operate) and ensures that no employee or job applicant is discriminated against either directly or indirectly on the grounds of any of the protected characteristics – race, religion or belief, gender, marital or civil partnership status, sexual orientation, pregnancy and maternity, gender reassignment, age or disability – or is subject to bullying or victimisation. Concerns that these principles are not being respected can be pursued through our Grievance Policy. We must also ensure that any suppliers that provide goods or services to ASI and any other third parties we work with share our commitment to complying with labour laws and human rights.

ASI has a moral and legal duty of care for the health, safety and welfare of our employees and their families and others associated with our staff who are in locations where we work around the world. Many of our operations are in fragile countries with violent or hostile environments. There, as in all our working environments, we are committed to ensuring that staff are in healthy, safe conditions.

ASI is committed to the satisfaction of its staff and actively promotes professional development opportunities for its employees. ASI provides opportunities for formal and informal learning, including an induction process, as well as online, classroom and webinar-based opportunities for training and discussion.

Implementation

ASI's supply chain due diligence process is underpinned by a market-leading compliance software solution, which supports the screening process for all third parties above a de minimis spend threshold (applicable to all third parties exposed to the risks of modern slavery and human trafficking). As well as ensuring that ASI does not engage any third parties that appear on sanctions lists or other watchlists, this screening software also helps us identify whether our suppliers are known to have engaged in modern slavery or human trafficking. As part of the screening process, the Third Party Screening Questionnaire requires suppliers to confirm compliance with the UK Modern Slavery Act and that the supplier does not promote or practice slavery, forced or compulsory labour or employ anyone under the age of 18.

ASI's Partner Code of Conduct sets out ASI's expectations in relation to ethical conduct expected of our partners, which includes compliance with the UNGC Principles, as well as an explicit prohibition of engaging in any form of modern slavery and human trafficking. The Partner Code of Conduct also contains the ASI Speak Up hotline, which should be used to report breaches of the Partner Code. ASI requires its Partner to adhere to the principles that are set out in the Partner Code of Conduct and to cascade these standards further down their supply chains. The Partner Code of Conduct also provides ASI with audit rights to ensure that Partner are complying with the Code.

As part of the onboarding process, employees are required to pass the following e-learning modules related to the UNGC labour principles:

- Equality and diversity in the workplace
- Harassment and bullying at work
- Modern slavery

Our company is owned by the trustees of the ASI Employee Owned Trust (EOT), a special form of trust introduced by the UK Government in September 2014 in an attempt to facilitate wider employee-ownership and to encourage more

shareholders to set up corporate structures similar to the John Lewis Partnership model. The ASI EOT was specially formed for the purpose of holding the shares on behalf of the beneficiaries of the EOT i.e. the employees of ASI. Inherent in this form of business ownership model is the need for standards, competitiveness and dynamic thinking to flourish without the need for outside shareholders. It follows that those charged with managing the business must take responsibility for involving employees in relevant aspects of the running of the business. As part of this, we will shortly launch our new Staff Council, which will provide an effective communication channel between employees, the Executive Team, the Directors and the Trustees, and will facilitate informed decision-making.

Measurement of Outcomes

Description of how the company monitors and evaluates performance.

Our online Learning Management System records completion rates of the modules outlined above

ASI has an independently operated Speak Up hotline. To date, we have not received any reports relating to forced, compulsory or child labour.

Environment

Principles:

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.

Assessment

*Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities).
Description of policies, public commitments and company goals on environmental protection.*

ASI is committed to minimising our environmental footprint by preventing pollution and encouraging practices to promote sustainability. This is part of our triple bottom line commitment to account for financial, social and environmental performance. We are working to measure, monitor and minimise our corporate environmental footprint, and to support improvements to the environment through our projects. We have adopted a strategic objective of being a net positive contributor to the environment.

ASI has an environmental policy that complies with the ISO14001 standard.

Implementation

Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.

ASI conducts yearly, systematic reviews of facilities and projects using recognised environmental assessment methods to understand our environmental impact.

ASI conducts education and learning sessions with its employees on environmental issues to increase awareness and stimulate positive behaviour change.

ASI has a global network of environmental champions whose goal is to measure and monitor environmental impact as well as influence positive environmental behaviour.

ASI continues to pursue efforts to increase the use of recycled materials, reduce waste streams and water consumption, maintain high waste recycling rates, and minimise the amount of toxic and chemical substances used in our operations and maintenance activities.

Measurement of Outcomes

Description of how the company monitors and evaluates environmental performance.

ASI conducts a yearly environmental impact assessment of its operations. This includes an assessment on (where data is available):

- Scope 1, 2 and 3 carbon emissions
- Water consumption
- The number of CFC appliances operated

Anti-Corruption

Principles:

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

Assessment

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment). Description of policies, public commitments and company goals on anti-corruption.

ASI seeks to proactively protect the organisation, its clients, its partners and its beneficiaries from instances of fraud, bribery and corruption. This means that ASI:

- a) will always seek to take disciplinary and/or legal action against those found to have perpetrated, been involved in, or assisted with fraudulent or other improper activities in any of its operations;
- b) is committed to developing an ethical culture and reducing to the absolute minimum the likelihood of fraud, bribery and corruption occurring in any of its operations;
- c) encourages immediate reporting of any actual or suspected incidents of fraud, bribery and corruption.

ASI has measures in place that reduce the likelihood of fraud, bribery or corruption occurring. These include risk management arrangements, documented financial procedures and a system of internal controls.

ASI is committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, safeguarding all resources which have been entrusted to us, as well as implementing and enforcing effective systems to counter fraud, bribery and corruption.

Implementation

Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.

ASI builds capacity of countries to detect and reduce corruption through the international development programmes it has delivered in countries such as Uganda, Ghana, Nigeria and Afghanistan.

ASI's Code of Conduct establishes the ethical expectations of all people who work for or on behalf of ASI. The ASI Partner Code of Conduct sets out the same expectations for ASI's Partners.

ASI's Counter Fraud and Anti-Bribery and Corruption Policy sets out in detail ASI's approach to preventing, detecting and responding to incidents of fraud, bribery and corruption.

All ASI staff are required to take annual anti-bribery refresher training, as well as the anti-bribery and corruption training they receive as part of their induction process. Counter fraud and anti-bribery and corruption topics form a part of face to face training sessions.

ASI conducts pre-employment background checks on staff and associates and due diligence on its third parties through a global screening tool, to ensure that ASI's third parties do not appear on international sanctions or criminal and terrorist watchlists and conduct themselves ethically. ASI staff and associates are required to certify their compliance with the ASI Code of Conduct by signing the ASI Ethics and Compliance Declaration and disclosing any conflicts of interest they may have, while ASI suppliers, subcontractors, grantees and other third parties have to sign up to the ASI Partner Code of Conduct, which highlights key aspects of ethical conduct.

ASI's Internal Audit team acts as the third line of assurance to ensure that ASI's internal controls designed to prevent, detect and respond to incidents of fraud, bribery and corruption are operating effectively.

Measurement of Outcomes

Description of how the company monitors and evaluates anti-corruption performance.

ASI monitors the following KPIs in relation to anti-bribery and corruption:

- the number of staff that have completed the anti-bribery e-learning module;
- number of staff and associates that have signed the ASI Ethics and Compliance Declaration;
- number of staff and associates that have attended in person anti-bribery and anti-corruption training; and
- number of fraud, bribery or corruption reports received through different Speak Up channels.

