

# Guidance on responsible business in conflict-affected and high-risk areas

11 November 2010



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# **Guidance on Responsible Business In Conflict-Affected & High-Risk Areas**

**Webinar, 11 November, 2010**

Melissa Powell

Head, Strategy and Partnerships, UN Global Compact Office



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# Introduction

- 1. Background – What is the need for such a Guidance?**
- 2. Process – How was the Guidance developed?**
- 3. Objectives – What does the Guidance do?**
- 4. Using the Guidance – How can it be used by companies?**



# Background

- Companies and their investors are paying increased attention to the challenges and opportunities of doing business in these areas.
- Conflict-affected & high-risk areas differ significantly from more stable environments & require companies and investors to take into consideration additional factors.
- Two key obstacles: Lack of agreement on what constitutes “responsible” business in conflict-affected and high-risk areas, and the practical challenges unique to such contexts.



# Process

- Multistakeholder Process: Developed by the United Nations Global Compact Office, the Principles for Responsible Investment (PRI) Initiative and an expert group comprised of company representatives, investors, civil society leaders, UN representatives and others.
- Launched at the UN Global Compact Summit, June 2010.
- Rooted in the assumption that the companies can be potentially valuable partners in contributing to peace and sustainable development while ensuring long term financial performance.



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# Objectives

- To articulate a common understanding among companies and investors of what constitutes “responsible business” in a conflict-affected or high-risk area.
- To assist companies in implementing responsible business practices in high-risk areas consistent with the 10 Principles.
- To provide a common reference point for constructive dialogue between companies and investors.
- To stimulate learning, dialogue and promote collective action and innovative partnerships.



# Using the Guidance

- A framework for companies for addressing critical issues and guidance that can be adapted to specific circumstances by companies.
- A framework for investors for guiding individual and collaborative dialogue with companies.
- Four complementary areas: core business, government relations, local stakeholder engagement, strategic social investment.
- Useful through all stages of business development, but encouraged at the earliest stages of operations/initial consideration of investment.
- Annex notes existing resources and provides a list of the most relevant tools and initiatives that should be considered when implementing the guidance.





# Content and Guidance points

## Webinar, 11 November 2010

Ms. Canan Gunduz, International Alert

Ms. Nicky Black, DeBeers

Ms. Dost Bardouille-Crema, CDA Collaborative Learning Projects –  
Corporate Engagement Project



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# Core Business

Ms. Canan Gunduz, International Alert

## Companies are encouraged to...

- ❑ Take adequate steps to identify the interaction between their core business operations and conflict dynamics and ensure that they do no harm; and adopt existing due diligence measures to the specific needs of conflict-affected and high-risk contexts,
- ❑ Make a commitment to addressing grievances and disputes constructively and proactively through dialogue and by having grievances and dispute settlement mechanisms that allow affected parties to raise problems with the company with a clear process for discussion and resolution,
- ❑ Respect emerging international best practices, especially where national law sets a lower standard. Policies, strategies and operational guidance, aligned with the Global Compact's Ten Principles, should be adapted to the specific needs of conflict-affected and high-risk areas,



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# Core Business

Companies are encouraged to...

- ❑ Apply evolving best practices in the management of security services provided by private contractors as well as, to the extent possible, public security forces,
- ❑ Carefully monitor their business relations, transactions as well as flows of funds and resources and develop a rigorous supply chain management system to assess and monitor if and how their suppliers obtain resources and raw materials in conflict-affected and high-risk areas,
- ❑ Develop detailed policies on specific bribery issues and put in place robust management procedures such as risk assessment, training and whistle-blowing to prevent corruption. Such policies and procedures should be applied to any third-party (i.e. governments, local suppliers, joint-venture partners, agents or community organizations) contracting with the company.



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# Government Relations

Ms. Nicky Black, DeBeers

Companies are encouraged to...

- ❑ Explore all opportunities for constructive corporate engagement with government as well as set good examples in their dealings with governments in order to support peace,
- ❑ Take all necessary measures to avoid complicity in human rights violations by government actors in relation to all aspects of the company's operations,
- ❑ Develop clear policies and robust management practices to prevent corrupt relations with government officials. Within legal and commercial constraints, companies are encouraged to promote transparency with host governments and be as transparent as possible with other stakeholders about their relationships with governments.



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# Local Stakeholder Engagement

Ms. Dost Bardouille-Crema, CDA Learning Projects – Corporate Engagement Project

## Companies are encouraged to...

- ❑ establish strategic and rigorous stakeholder engagement mechanisms across company and contractor operations, including establishing key performance indicators to demonstrate that the company is accessible and accountable,
- ❑ take a broad and inclusive approach towards stakeholder engagement in the context of existing inter- and intra-group tensions,
- ❑ engage proactively with relevant civil society organizations and international organizations,
- ❑ promote and take action towards constructive and peaceful company-community engagement.



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# Strategic Social Investment

Ms. Dost Bardouille-Crema, CDA Learning Projects – Corporate Engagement Project

## Companies are encouraged to...

- ❑ Establish strategic social investment programs built on existing capacities as a component of, not a substitute for, local stakeholder engagement and consultation,
- ❑ Employ the same rigor in developing social investment strategies as other aspects of business operations,
- ❑ Implement strategic social investment as an independent activity, separate from company's obligations to mitigate or compensate for its operations' impacts,
- ❑ Ensure that social investment projects are sustainable and not replacing services which should be provided by the government.



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# SIEMENS: a company perspective

Mr. Daniel Kronen  
Senior Manager, Compliance Strategy

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**“Guidance on Responsible Business in Conflict-Affected and High-Risk Areas:  
A Resource for Companies and Investors”**

## Why is the Guidance a valuable tool for Siemens?

- Challenges and opportunities of doing business in challenging environments,
- Emerging policy framework, evolving landscape and growing expectations: legislations, guidance tools and initiatives.

### **The Guidance as...**

- The result of a multi-stakeholder process involving investors, NGOs, experts,
- A tool covering a wide range of issue areas vs. a human-rights focused tool,
- A support for rethinking the company's strategies towards adaptation to the emerging broader policy landscape,
- A common reference for constructive dialogue with investors.





## An investor perspective

**Saskia van den Dool-Gietman**

Advisor, Responsible Investment

PGGM Investments

# Questions and comments



# Pilot Project for companies & investors

## Webinar, 11 November 2010

Guidance on Responsible Business  
In Conflict-Affected & High-Risk Areas

Ms. Adrienne Gardaz, UN Global Compact, Business and Peace Programme  
Ms. Jameela Pedicini, Principles for Responsible Investment



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# Objectives

## The Pilot Project is aimed at:

- ❑ Enhancing the understanding of the Guidance among key actors,
- ❑ Supporting the use of the Guidance into company and investor practice,
- ❑ Documenting, sharing and learning from experiences,
- ❑ Developing an understanding of how the Guidance can be best used by companies and investors,
- ❑ Encouraging and assisting in the reporting on issues covered by the Guidance in annual reports.



# Participating in the Pilot Project

- ❑ **Time frame:** throughout 2011
- ❑ **Participants:** companies and investors
- ❑ **Geographical focus:** Participants will select a specific operating environments.
- ❑ **Pilot Team:** A team comprised of staff from the UN Global Compact, PRI, International Alert and Corporate Engagement Project will support the participants throughout the process.
- ❑ **Report-back and sharing on progress:**
  - monthly calls (or every two months as needed),
  - quarterly: conference calls/meeting with the companies and investors,
  - Global Compact Annual Local Networks Forum in Cairo, Egypt, 18-19 May 2010.



# Phases of the Pilot Project

Companies are encouraged to undertake the following activities:

- ☐ Field-based context and conflict analysis
- ☐ Gap analysis
- ☐ Risk and Impact Assessment
- ☐ Strategic planning and action plan
- ☐ Guidance points implementation
- ☐ Sharing lessons learned and identification of best practices

Throughout the process:

- ☐ Companies will be expected to report back on progress made during the monthly conference calls with experts and representatives of the UN Global Compact Office and PRI.



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# Benefits of participation for companies

- ❑ Being recognized as a leader in implementing responsible business practices in conflict-affected and high-risk areas,
- ❑ Upholding and further advancing the company's commitment to sustainability and corporate citizenship,
- ❑ Direct engagement with and support from a Pilot Team, involving experienced experts,
- ❑ Sharing of experiences and dialogue with peers and investors engaged in the same process.



# Benefits of participation for investors

- ❑ Gain recognition as a leader for piloting the Guidance and applying it to engagement activities
- ❑ Direct engagement with and support from the Pilot Team experts – Corporate Engagement Project and International Alert, along with the UNGC and PRI
- ❑ Identify best practices and concrete actions to facilitate dialogue with investee companies





# Proposed activities by investors

- ❑ Select operating region(s) and/or company sectors to apply Guidance to individual and collaborative engagements
- ❑ Identify the challenges and opportunities as well as benefits and drawbacks of applying the Guidance
- ❑ Calls every month or two months with the investor group and calls every quarter with the Pilot Team, and both company and investor groups to share experiences
- ❑ Report back on experiences, lessons learned, and discuss progress at the Global Compact Annual Local Networks Forum in Cairo, Egypt May 2010



# Questions and comments



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