



Human Rights and Anti- Corruption: Making the Link more Explicit

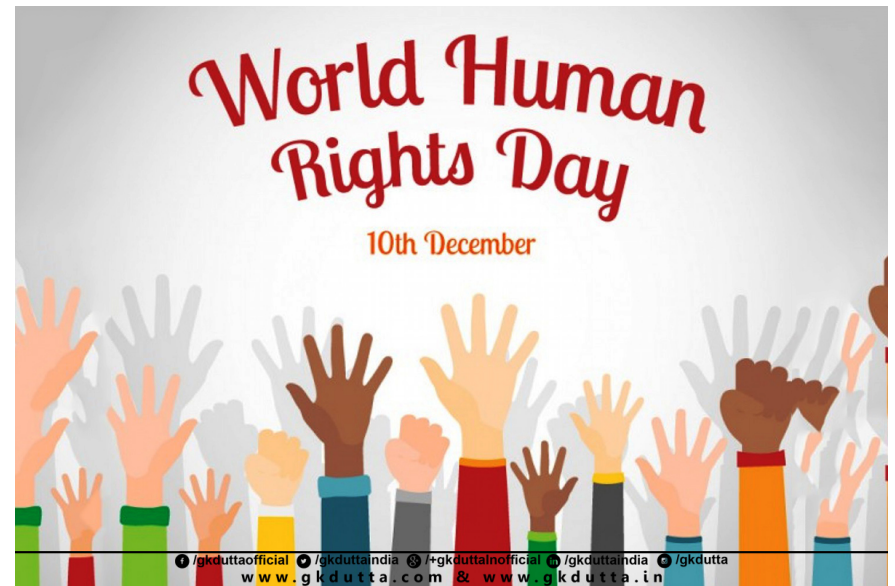
Risk and Responsibility in Organizations

January – April 2019

Week 6: February 25, 2019

Anti-Corruption and Human Rights: The State of Play

The problem in action:



Corruption is the abuse of entrusted power for private gain – so is it the handmaiden of human rights abuses?

An emergency room doctor demands a bribe before he will provide urgent medical care to a patient.

Is this a) A violation by the hospital of the individual's right to health? Or b) a consequence of kleptocratic 'failed state' stealing tax revenue, leaving hospitals with inadequate funding and forcing doctors to demand bribes to maintain an adequate standard of living?

A power generation firm wins a contract with a cost structure that will have the effect of blocking the supply of electricity to low income groups.

Is this a) A violation by the firm of the right to an adequate standard of living for the local population? b) The result of corruption - a bribe by the power generation firm secured the contract over better qualified firms with a focus on access to energy?

A TV and newspaper mogul is awarded a near monopoly of government funded advertising, in return for censoring negative stories about the current regime and printing 'black PR' stories about the opposition party.

Is this a) a violation of the rights to expression and information, and to self determination? b) a corrupt transaction between the government and the media company?

A government official suggests to an oil company that in order to secure access to an exploration block, donations to the President's wife's educational charity will be required as part of a move to enhance development of a more inclusive economy.

Is this a) an example of a positive contribution by foreign investors to the right to education of the local population? b) a veiled request for a bribe to shore up the centers of power in a failed petrostate?

UN Global Compact is an integrated framework....

UN Global Compact has over 8,000 corporate signatories, aligning strategies and operations with the 10 universal principles below. Companies make commitments around these ten principles and must report annually through a Communication on Progress (COP)

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

Labor

- **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 labor
- **Principle 5**
The effective abolition of child labor; and
- **Principle 6**
The elimination of discrimination in respect of employment and occupation

Environmental

- **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

Anti-Corruption

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



...So are the OECD Guidelines for Multinational Enterprises

A comprehensive set of government-backed recommendations on responsible business conduct

Responsible Business Conduct Framework

- **Human Rights**
- Employment and Industrial Relations
- Environment
- Combating Bribery, Bribe Solicitation and Extortion
- Consumer Interests
- Science and Technology
- Competition
- Taxation

National Contact Points

- Adhering countries must appoint a National Contact Point (NCP) to further the Guidelines at a national level
- NCPs are responsible for promoting the Guidelines, hearing disputes, and generally ensuring their effectiveness
- Adopted by 48 countries, including the UK and US

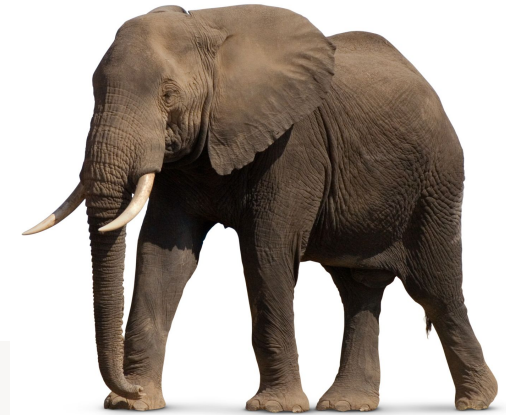
Grievance Mechanism

- NCPs serve as mediators in disputes between business, worker organizations, and other stakeholders such as NGOs
- NCPs hear disputes arising from non-adherence to the Guidelines and issue formal, public decisions on the matter

But the SDGs are a different story...

17 goals articulate the expectations of the international community for the world's socio-economic development agenda through 2030

Corruption focus **very** limited

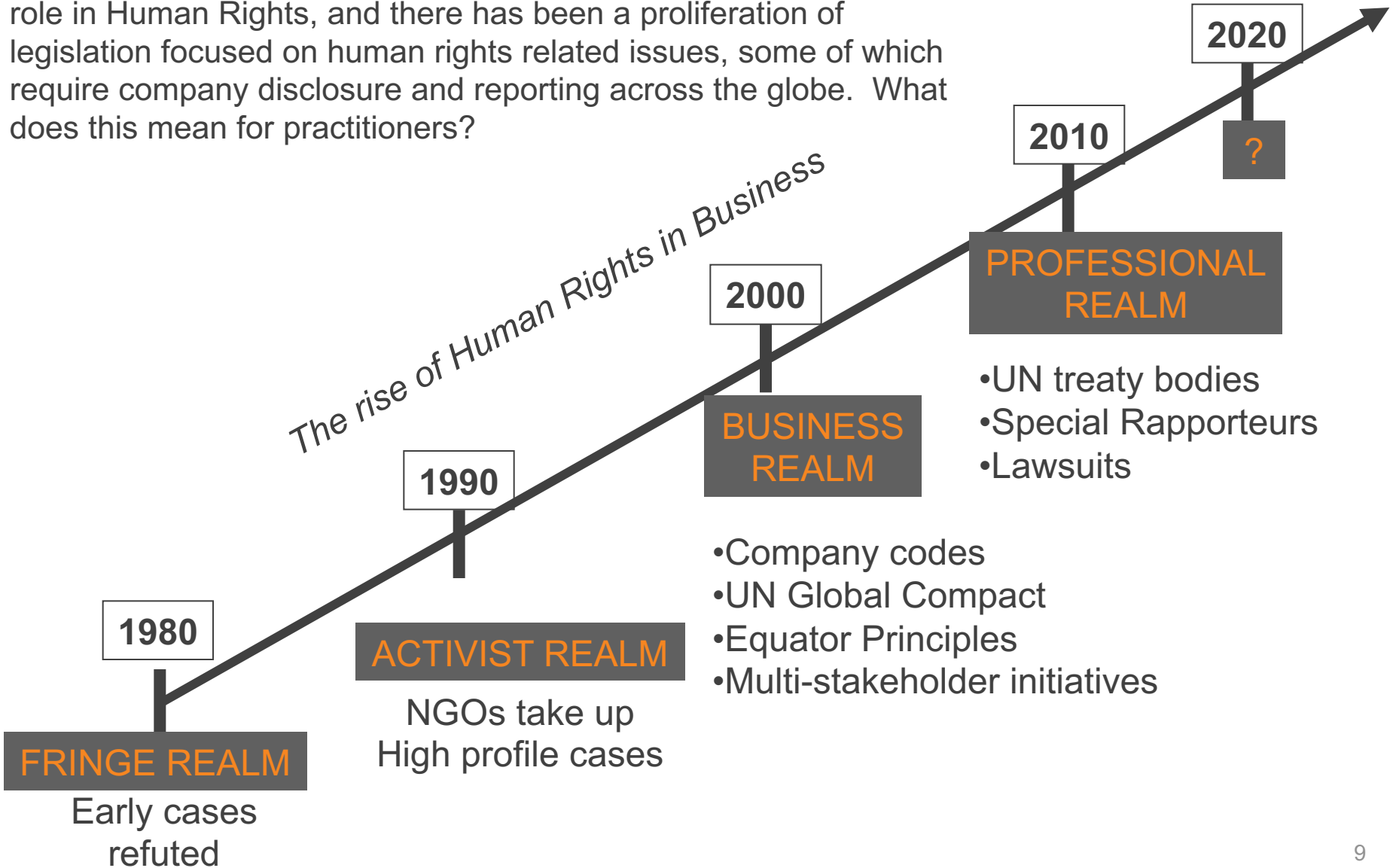



| | | | | | |
|--|--|--|---|--|--|
| 1 NO POVERTY  | 2 ZERO HUNGER  | 3 GOOD HEALTH AND WELL-BEING  | 4 QUALITY EDUCATION  | 5 GENDER EQUALITY  | 6 CLEAN WATER AND SANITATION  |
| 7 AFFORDABLE AND CLEAN ENERGY  | 8 DECENT WORK AND ECONOMIC GROWTH  | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  | 10 REDUCED INEQUALITIES  | 11 SUSTAINABLE CITIES AND COMMUNITIES  | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION  |
| 13 CLIMATE ACTION  | 14 LIFE BELOW WATER  | 15 LIFE ON LAND  | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS  | 17 PARTNERSHIPS FOR THE GOALS  |  |

Anti-Corruption and Human Rights: Compare and Contrast

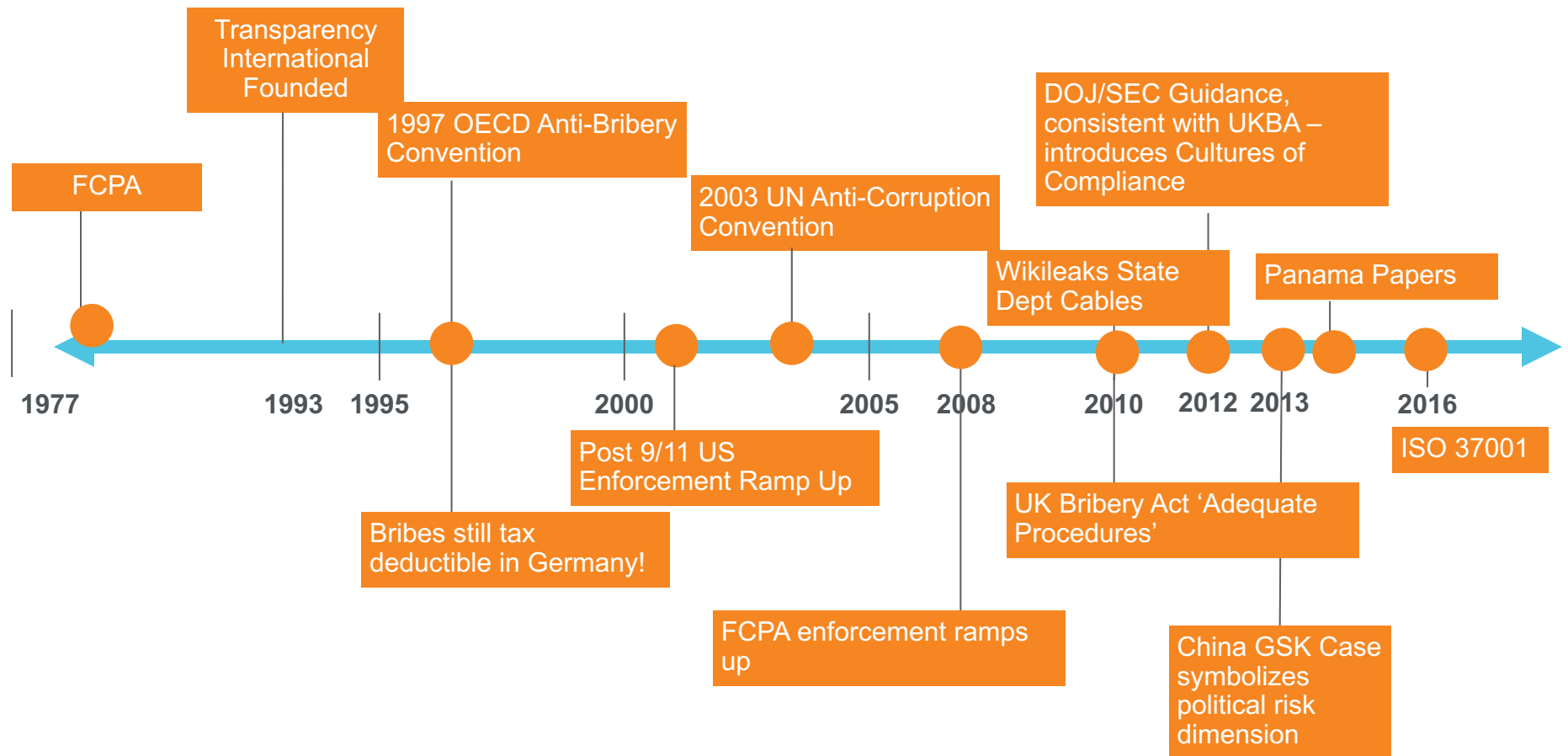
Where is the business and Human Rights field going?

In the last 6 years, the UNGPs have greatly defined the corporate role in Human Rights, and there has been a proliferation of legislation focused on human rights related issues, some of which require company disclosure and reporting across the globe. What does this mean for practitioners?



What can we learn from the trajectory of corporate anti-corruption?

Anti-Corruption is a younger field than Human Rights. But, from 2001, regulatory attention has converged on anti-bribery, with profound consequences for corporate anti-corruption programs



Implementing the UN Guiding Principles

In order to prioritize and respond to human rights impacts, companies must conduct human rights due diligence. The foundational pillar of due diligence is embedding and integrating respect for human rights.

Embedding and Integrating Respect for Human Rights

Governance

Establish executive and operational level governance structure for human rights; integrate with existing human rights governance systems.

Human Rights Policy

Develop a human rights policy statement to articulate commitment to human rights for internal and external audiences.

Human Rights Impact Assessment

Undertake assessment that maps the whole business against all human rights to identify key risks and opportunities; operational level HRIAs where needed.

Monitoring and Reporting

Review progress and communicate externally via CSR report and other channels, such as Global Compact Communication on Progress

Create strategy and action plans for key risks & opportunities, and integrate human rights into management systems

Implementing an Anti-Corruption Program

International regulators expect companies to have the following elements of compliance in place. There is an established consensus on best practice for managing anti-corruption compliance programs. Note the inconsistent use of ‘due diligence’!



- UK Adequate Procedures
- US FCPA Compliance Principles

How might lessons from human rights enhance anti-corruption?

- There are limits to a **corporate control process**, and systemic challenges ('impacts'?) remain – multistakeholder collaboration is limited to date and a huge opportunity
- The narrow framing of the issue and focus on liability has created a process monster and a huge, self-perpetuating industry: '**FCPA Inc**'
- By focusing on technical bribery, companies have failed to address stakeholder concerns over lobbying, influence, nepotism, tax avoidance – many of these practices are **legal** and there is a **lack of rigor** resulting from a focus on legal risk over stakeholder impact
- Human rights violations tend to be presented as a consequence of corruption – so are terrorism, conflict, under-development, inequality
- Exploration of these **systemic links** is nascent, but rapidly growing in importance
- Corporates have missed the political risk dimension of corruption
- Corporates have missed the organizational values and culture dimension of corruption
- This framing undermines **employee engagement** and commitment, and dilutes the more normative goals of fighting corruption
- The UN Guiding Principles outlines the relative responsibilities of government and business in a clear and coherent way, whereas anti-corruption focuses primarily on protecting the corporate entity from risks posed by financial transactions with government officials – this often leaves companies with an unpleasant, **binary choice**
- Access to remedy is provided by internal whistleblowing lines, and increasingly, large **data leaks**

Corporate Anti-Corruption and Human Rights: Comparison

| | Anti-Corruption | Human Rights |
|--------------------------------------|---|--|
| Definition | Narrow: TI definition is broad, but corporate/legal focus on ‘technical’ commercial bribe payments, primarily to government officials | Broad: UNGP and due diligence frameworks incorporate International Bill of Human Rights, 11 core conventions |
| Assessment Approach | Risk: Focus is exclusively on risk to the corporate from bribe payments, leads to rhetoric/reality gap esp on facilitation payments | Impact: Impact on rights holders is key, not just risk to company – however, risk/impact definitions are soft, and companies struggle to work with impact |
| Regulatory Maturity | High: Well developed global regime and corporate expectations, though enforcement remains patchy | Low: Plethora of emerging regulatory moves focused on trafficking and slavery – inconsistent and poorly enforced |
| Ethical Imperative | Limited: Originally seen as a victimless crime. Now mentioned in passing, focus is on cost to company of enforcement and reputational damage, to a lesser extent the business case | Strong: Originally driven by ethical imperative. Predominates, business case is secondary and focused on benefits of wider stakeholder engagement and trust |
| Organizational Responsibility | Clear: Sits in Legal and/or Ethics and Compliance, growing interest in incentives and culture, C Suite/Board direct oversight is considered ideal | Unclear: Might sit in Legal, CSR/Sustainability, Government Affairs, HR, Corporate Affairs – cross functional team is considered ideal |
| Role of Civil Society | Limited: Limited consideration, though this is growing | High: Direct engagement with rights holders is critical to any meaningful corporate human rights approach |
| Role vis a vis Government | Unclear: Focus is on protecting corporate entity from rapacious governments, but concept of political exposure and role of government in remediation are both unclear | Clear: Relative role of governments and corporates is tightly defined in UNGPs |
| Collaboration | Limited: Competitive considerations still dominate | High: Much higher multistakeholder energy and higher achievements |

How might lessons from anti-corruption enhance human rights?

- The Human Rights field tends to treat corruption as an element of existing rights, such as the right to self-determination, right to an adequate standard of living, the right to control natural resources etc – this arguably misses the indirect but pervasive role of corruption in violating **all human rights**
- The focus on stakeholder impact brings clarity and rigor, but can miss **systemic links** and underlying causes
- The Human Rights focus on stakeholders is far more **normative** and gets at the real impacts of business, but is difficult for companies to implement in practice – confusion in UNGPs on risk and impact
- Developments such as the Modern Slavery Act will bring opportunities for greater attention and budget from corporates, but is already driving a focus based on **reporting** and protecting the corporate entity from **liability** – is this a concern?
- As regulatory regimes tighten, will opportunities for **collaboration** be lost?
- Concerns over distribution of power and other political risk dynamics are often framed by stakeholders as corruption issues – this is increasingly the case with human rights too
- Human rights is still on a journey towards the corporate mainstream, and the term still makes many **nervous**
- The public increasingly links corruption and human rights abuses – corporates in general do not do the same

Enhancing Corporate Practice: Opportunities

Opportunities for Alignment

1. Learning from anti-corruption compliance in installing a structured HRIA system
2. Leveraging senior management support
3. Aligning human rights and anti-corruption policy commitments (esp supplier codes of conduct)
4. Integrating procedures – training, reporting and auditing
5. Combining corruption and human rights risks assessments
6. Building capacity, esp on grievance mechanisms
7. Cross-functional working groups
8. Partner with other companies

1) A structured HRIA system

Anti-corruption compliance used as blueprint for human rights compliance

Suitable for policy development, training and grievance management

More challenging for due diligence – different providers and different approach

Considerations

Human rights expertise remains needed

Human rights focus on impact is a challenge for anticorruption compliance programs

Remediation is not aligned – corruption focuses on regulatory aspects, human rights requires capacity building

Financial controls are better suited to anti-corruption than human rights

Teck // Formalizing Human Rights Diligence



The Challenge

Teck Resources wanted to develop a globally consistent, impactful human rights due diligence system and align with the UN Guiding Principles and the “Protect, Respect, Remedy” Framework. It also approached BSR to help create a common, company-wide understanding of the importance of human rights, and provide tools to protect them throughout Teck’s operations.

Our Strategy

- BSR worked with Teck to develop a global human rights guidance document that describes human rights in the context of the company’s overarching strategy and value system and refers to relevant company policies, codes, and management systems.
- Created a Human Rights Impact Assessment tool, customized for the site level. Also conducted pilots with sites to ensure relevance and build understanding.

Our Impact

- Teck now has an overarching human rights framework complimentary to its existing systems and processes.
- Equipped Teck to conduct Human Rights Impact Assessments for all its projects and operations, using a tool adaptable to diverse circumstances.
- Built understanding across the company of human rights impacts and how to manage and mitigate them.

Lessons Learned

- Human rights needs to be tackled using an overarching framework, but tools should be easily customizable to widely-varying local circumstances.
- Building internal support and understanding is essential to success.

TD Bank Human Rights Assessment



The Challenge: TD Bank needed BSR’s help in reviewing its human rights risks and impacts and to develop a corporate Human Rights Statement.

Our Strategy

- Conducted a Rapid Human Rights Risk and Impact Mapping to identify and understand the most relevant issues.
- Reviewed peers banks’ statements and areas of impacts.
- Drafted a Human Rights Statement that is aligned with the UN Guiding Principles on Business and Human Rights.

Our Impact

- Developed internal understanding of:
 - Key human rights risks and issues
 - A framework to assess risk and issues
 - Recommendations to address
- Opportunity to be a leader, as many peers have not identified bank specific issues.
- A human rights policy statement for internal guidance.

Lessons Learned

- Specific human rights policies and strategies are generally new to the banking sector.
- Generally the human rights exposure at banks comes from being “linked” to bank client human rights violations.
- As many bank clients have been effectively managing human rights risks for years, there is an opportunity for banks to learn from and partner with clients.

2) Senior management support

Senior management support for anti-corruption is most obvious in the wake of a scandal, human rights commitments seem more proactive, though are far more limited in number and scale

Resulting culture can produce a uniquely positive opportunity for human rights and responsible business conduct overall

Great way to get momentum and resources

Clear commitment and tone at the top

Is a values-based or a compliance-based approach more effective?

3) Policy Commitments: Codes of Conduct

Tone / Voice

- There is **no standard wording** or approach for a Code of Conduct, and each organization should develop one according to its needs and primary risks
- Codes can be characterized as **principles-based** or **rules-based**
- Best practice is for **simple, clear**, non-legalistic language that all employees can easily follow
- Can be regarded as **written statement of principles** that identifies **expectations** regarding appropriate behavior, and the primary means of communication to employees about this

Coverage

- Some Codes aim to provide **depth** on all relevant issues, others are **broader** but with limited depth, supported by underlying policies on specific subjects or locations – additional policies will always be needed
- Should have the support of and be perceived as originating from **senior management**

Support & Relevance

- The Code should also be explained in terms of its relation to the wider **ethics and compliance program**
- Should be benchmarked, but also aligned with a company's **risk profile**

Legal Aspects

- All should clearly **delineate** between **legal requirements** and **voluntary commitments**, specify adherence to all relevant laws and provide clear direction for employees of where to raise questions
- Should specify which standard will govern if employees encounter a **perceived contradiction** – referral of the issue to the Legal Department is an approach used by many companies
- International organizations have particular challenges due to **overlapping and contradictory legislation**, particularly in terms of the gaps between EU and US approaches on data protection, non-discrimination and harassment, but this can generally be overcome via careful drafting and legal review.

Finance

- If the Code includes financial risk and covers all employees there is no need for a separate financial Code of Ethics


Example: Microsoft Expected Employee Behavior and Conduct


Making ethical decisions

We expect you to be well informed and exercise good judgment when making business decisions for Microsoft. Before making a business decision, ask yourself the following questions:



Help in the Standards will be identified by icons:

 Highlights specific requirements of the Standards for special attention.

 Identifies information provided to help you comply with the Standards.

In addition, we will use icons from "Use Other Resources" to direct you to self-help resources and detailed information.

Microsoft creates a simple flow chart for 'Making Ethical Decisions' so that employees can easily monitor their decision making and find guidance to clarify confusion and lead them to the next step.

Intel: Guidance for Reporting

Asking Questions and Reporting Concerns

To help our company conduct business with uncompromising integrity and professionalism, every employee has an obligation to report possible violations of the law, the Code, and other company guidelines.

Managers and employees who learn of a possible violation of law, regulation, or Intel legal policy must immediately report that concern to Legal, HR Legal, or Internal Audit.

Ways to Seek Guidance and Report Concerns

Because the Code cannot address every situation, you should seek guidance whenever you are unsure about the correct course of action. There are many ways to ask questions about the Code or report concerns:

- In accordance with Intel's Open Door Guideline, you can ask questions and report concerns about the Code with any manager, such as your direct manager, a department head, a division general manager, or another manager up to and including the Executive Office;
- You can ask questions or report concerns with internal groups who specialize in handling such issues, including Human Resources, HR Legal, Internal Audit, Legal, Corporate Security, or Information Security;
- You can email your question to ask.ethics@intel.com; and
- You can report an ethics or compliance concern online or by phone through the [Intel Ethics and Compliance Reporting Portal](#), which is hosted by a third party and allows anonymous reporting where permitted by law.

Employees of Intel subsidiaries may have additional reporting channels for asking questions and reporting concerns.

For other work related concerns, you are encouraged to contact the confidential reporting e-mail account at harassment.concerns@intel.com, [Get HR Help](#), your Human Resources representative, or [HR Legal](#).

We take all reports seriously, look into the matter, and take appropriate action. All employees of Intel and its subsidiaries are required to cooperate fully with internal investigations and employees who fail to do so are subject to disciplinary action up to and including termination of employment, in accordance with applicable local laws. For investigations into alleged violations of the National Labor Relations Act, an employee's participation is voluntary. Employees are strongly encouraged to provide honest, truthful and complete information in any internal investigation.

Non-Retaliation Policy

Intel does not tolerate retaliation against anyone who in good faith reports possible violations of law, the Code, or other company policies or procedures, questions on-going or proposed conduct, or participates in an internal

Intel begins their CoC with a page dedicated to clear guidance of how to manage reporting and handle questions

References the company's Open Door Policy

There are listed email addresses that employees can reach out to

There are embedded links that take employees directly to the relevant website portal

Intel has a clearly labeled 'Non-Retaliation' Policy that is plainly visible

Human Rights Reporting: Unilever

Published in June 2015, Unilever was the first of its kind to use a formal human rights reporting framework



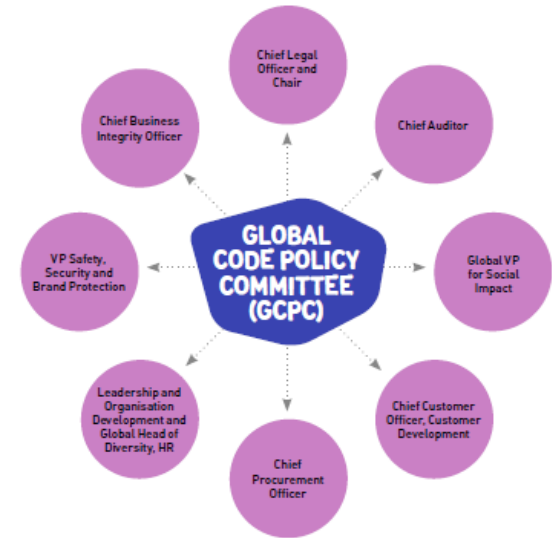
Governance

- Overview of policies, including objectives, implementation, and major human rights issues



Scope

- Salient human rights risks identified through external and internal dialogue
- Include discrimination, forced labor, and fair wages



Management

- Human rights protected through Codes; Code Committees review alleged Code breaches

4) Integrating procedures (training, reporting, auditing)

Lots of potential here but does not happen without integrated governance

Practical training incorporating human rights and anti-corruption – contextual and scenario-based

KPIs and metrics include human rights – employee surveys are key

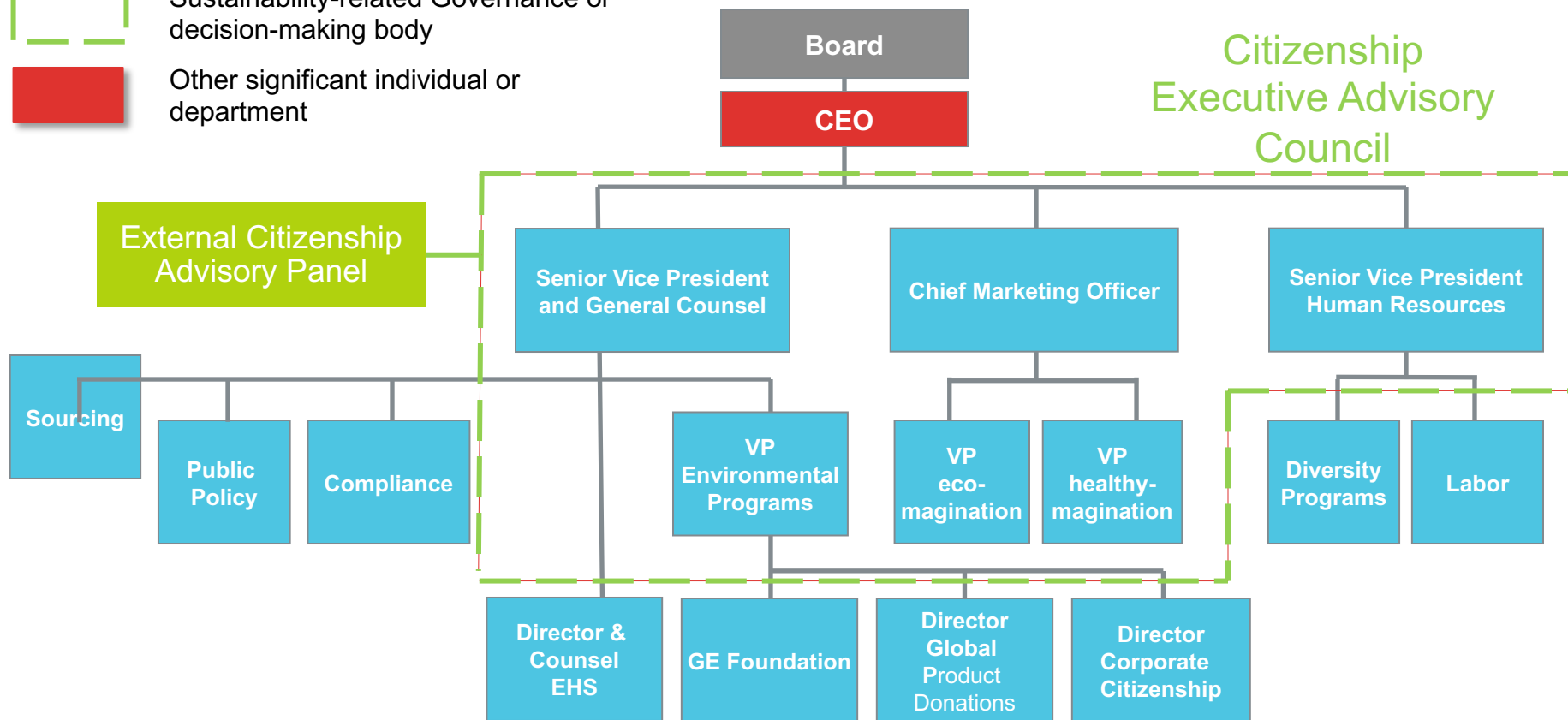
Coordinating internal reporting via compliance department

Board level ethics and sustainability committees/teams with remit covering anti-corruption, human rights, sustainability and privacy

Non-financial auditing?

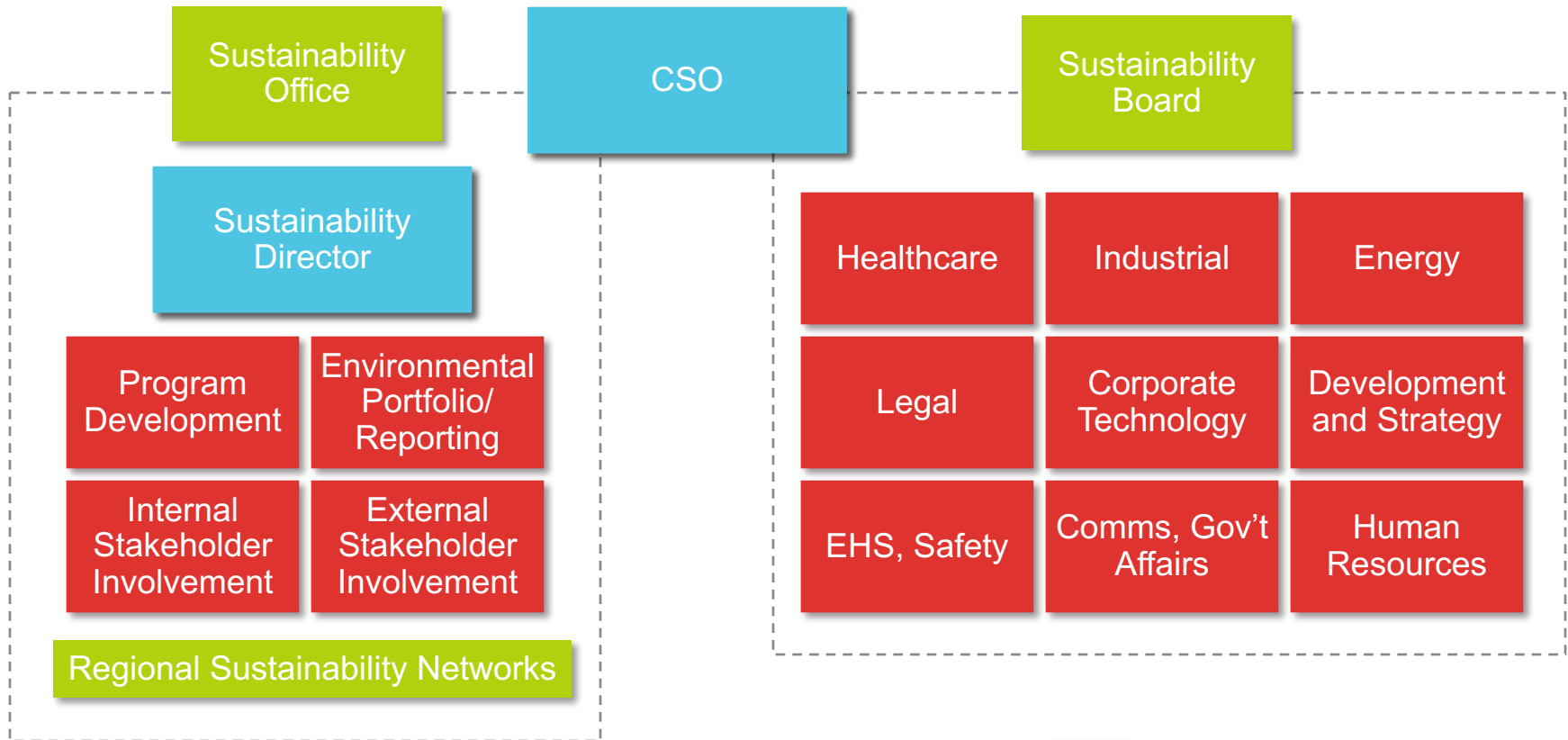
General Electric

- Important sustainability individual or department
- Sustainability-related Governance or decision-making body
- Other significant individual or department



GE Communicators across the business units often have community relations as part of their responsibilities

Siemens



- Important sustainability individual or department
- Sustainability-related Governance or decision-making body
- CEO / significant department

Microsoft



Important sustainability individual or department



Sustainability-related Governance or decision-making body



Other significant individual or department

Unilever

Unilever uses a blend of hierarchy and integrated roles to drive sustainability throughout its entire business.

Sustainability Structure

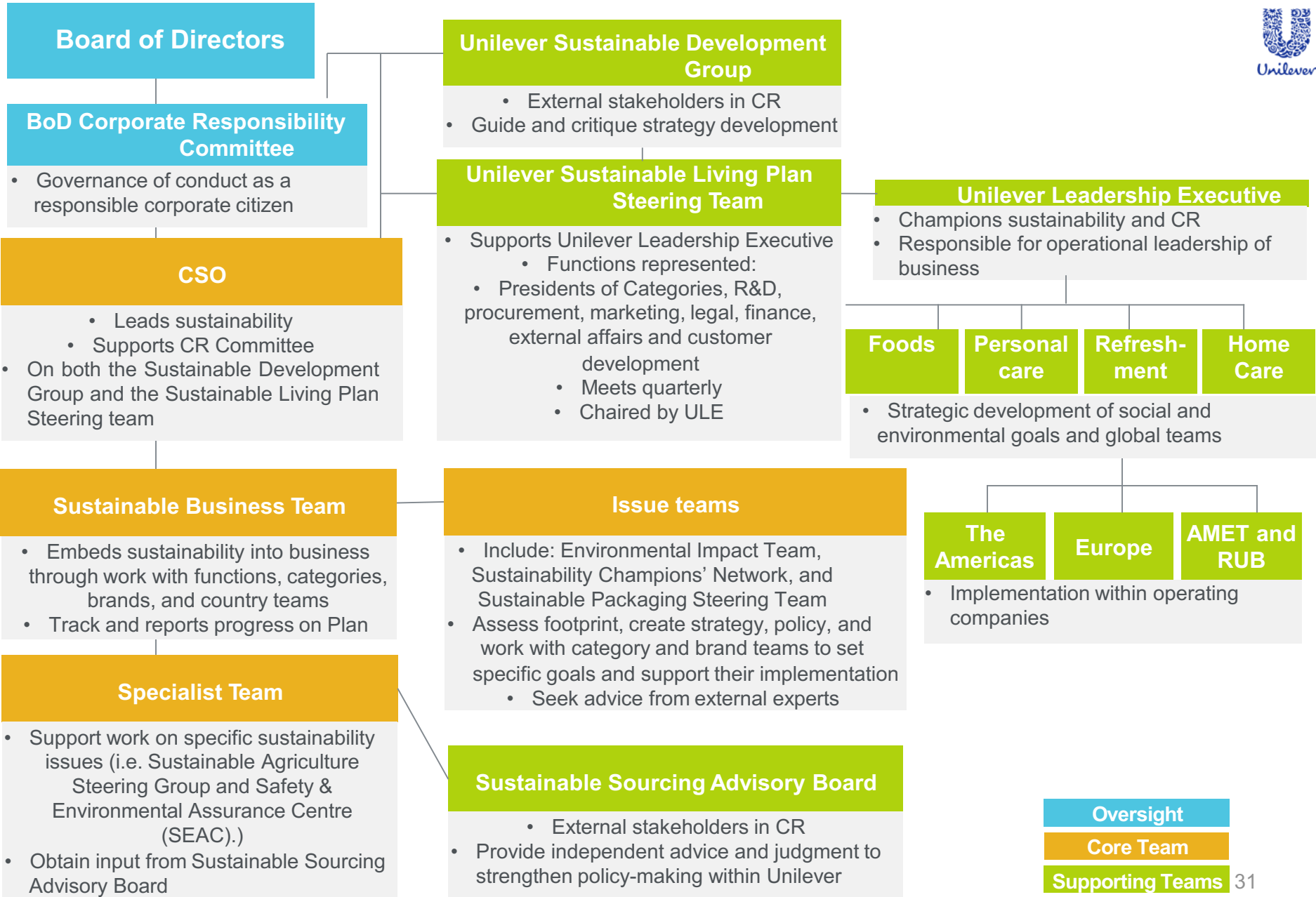
- There is a core team for sustainability planning, implementation, and visioning with external input from other businesses and external stakeholders
- HQ team helps drive global integration across various business units and issue areas

Sustainability Process

- The CSO and Leadership Executive have two different roles – the CSO leads the strategy and the LE helps drive these goals across the business utilizing the four product categories

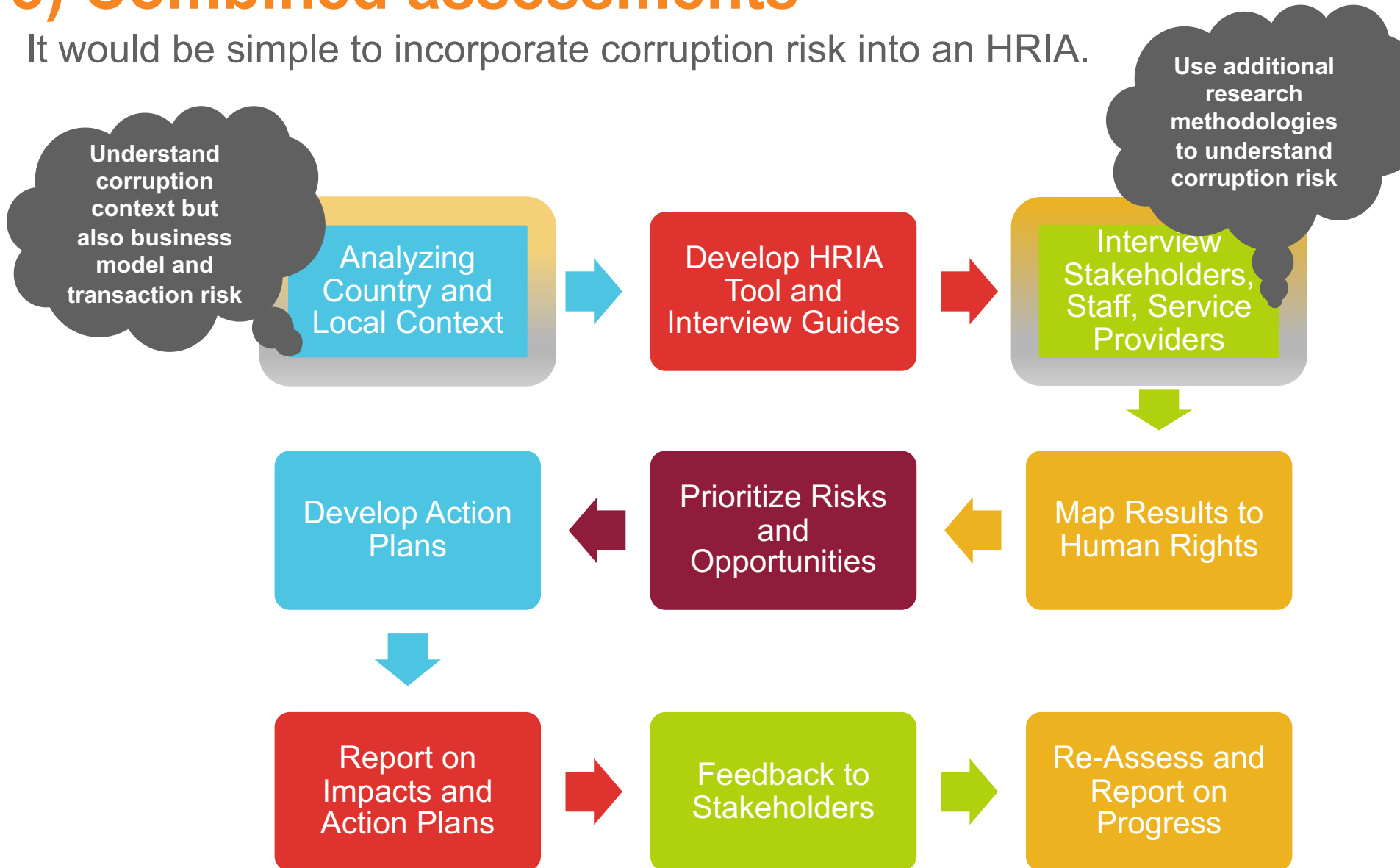
BSR Observations

- **Leveraging issue and specialists to dig deeper into issues has enabled Unilever to come out with strong sourcing commitments**
- **Unilever relies on outside experts to infuse their work with new ideas, critiques of their progress, and as co-creators of strategies**

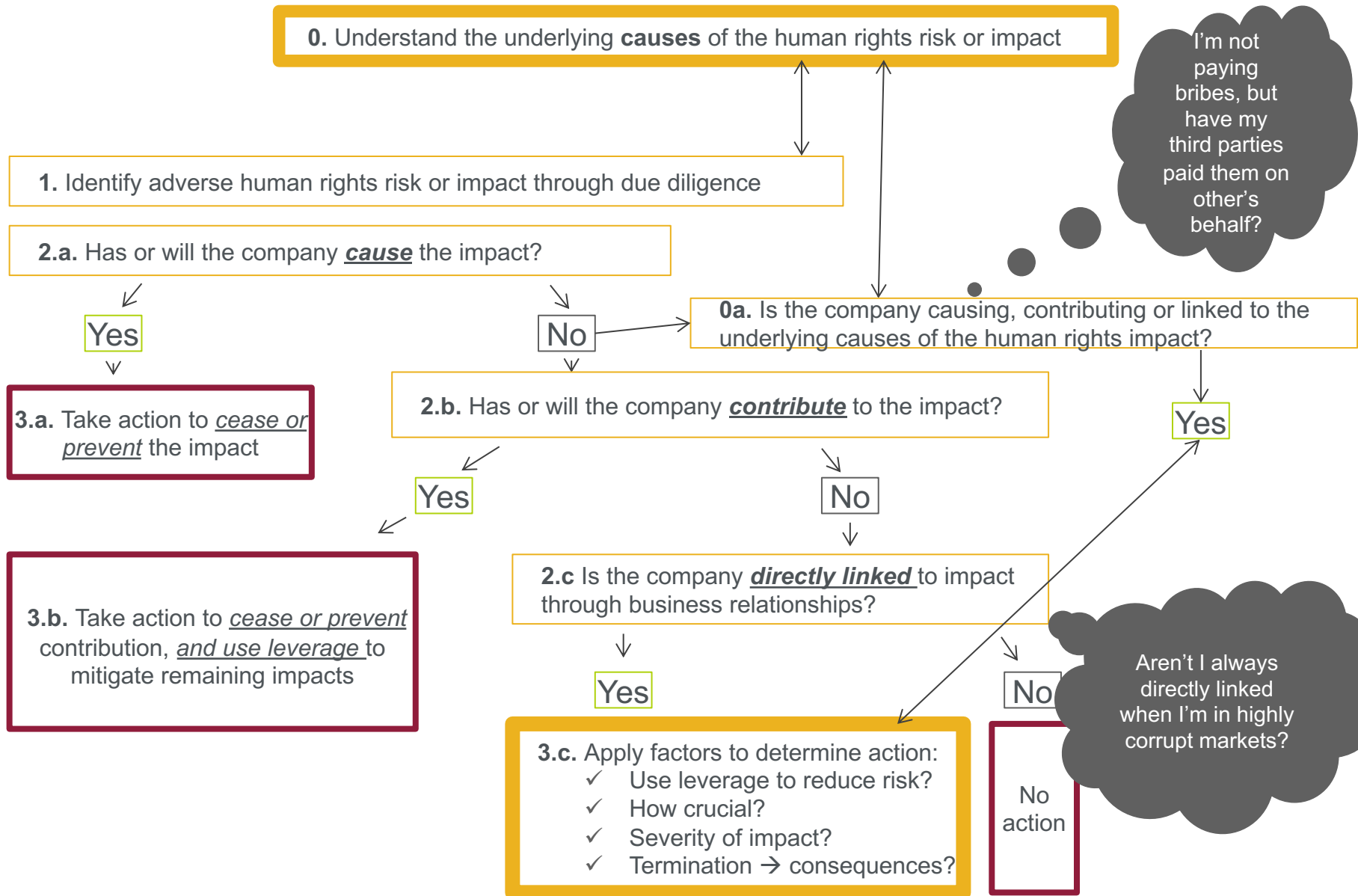


5) Combined assessments

It would be simple to incorporate corruption risk into an HRIA.



UNGP “Cause, Contribute, Linked” Framework



Chevron // Managing Social Risk and Opportunity



The Challenge

Chevron wished to understand social risk and opportunity from a holistic perspective in a new offshore gas exploration project in Myanmar. In this project we considered social impact, human rights, socioeconomic conditions, and political risk in tandem.

Our Strategy

- BSR conducted a human rights impact assessment in tandem with a social and political risk strategy and socio-economic baseline assessment.
- BSR gained understanding of likely scenarios and the relationships of key stakeholder groups with each other.
- We determined a right sized approach that took account of commercial realities and involved collaboration between corporate, regional and local team.

Our Impact

- Equipped Chevron with strategies and tools to implement its approach to managing social risk.
- Incorporating human rights into social impact provides a new frame and increases effectiveness of both social investment and stakeholder engagement.

Lessons Learned

- Engagement can establish alignment and shared expectations and dialogue to create a long-term vision to maximize impacts.
- Comprehensive strategies that include human rights ensure effective use of resources to achieve outcomes, and help embed human rights considerations into the core business.
- Stakeholder mapping and social risk tools facilitate creation and execution of new strategies.

Telenor Myanmar Due Diligence

In order to understand the potential sustainability risks and opportunities of operating in Myanmar, Telenor commissioned BSR to undertake pre-investment due diligence, covering human rights, labor rights, corruption, and environmental sustainability.

| Our Strategy | Our Impact | Lessons Learned |
|--|---|--|
| <ul style="list-style-type: none"> • Used BSR’s HRIA framework, based on UNGPs • Engagement with stakeholders, including international, regional, and local leaders in civil society, government, business, and industry associations. • Mapping key risks and opportunities • Identifying mitigation measures • Practical and actionable recommendations | <ul style="list-style-type: none"> • Telenor submitted—and won—a license to operate in Myanmar. • Telenor launched its service in the Myanmar market with sustainability integrated into its approach from the beginning. • Telenor based strategy on focus areas and key recommendations made during BSR’s due diligence process. | <ul style="list-style-type: none"> • Importance of due diligence and the informed identification of risks and opportunities before business decisions are made. • Importance of engaging with a diverse range of stakeholders. • Importance of considering opportunities, as well as risks—such as increased access to information and services such as healthcare, finance, and education. |

6) Building capacity

- Joint hotlines and grievance mechanisms for reporting on human rights or corruption
- Sponsorships and charitable donations are a particular risk area

Considerations

Hotlines will need new and enhanced expertise

Confidentiality is a complex and multifaceted concern

What is a Grievance Mechanism Anyway?

Grievance Mechanism Ecosystem

Formal

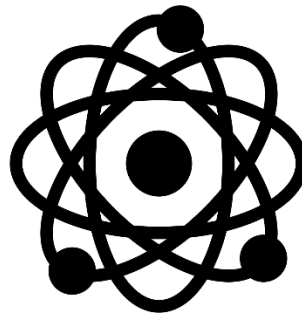
- Employee ethics Hotline
- Customer complaint processes
- Employee Resource Groups
- Community grievance mechanisms
- Supply chain hotlines

Informal

- Twitter or other social media
- Informal conversations among community members

Third Parties

- Unions
- Worker Voice Apps
- Audits
- NGO reports
- Media reports



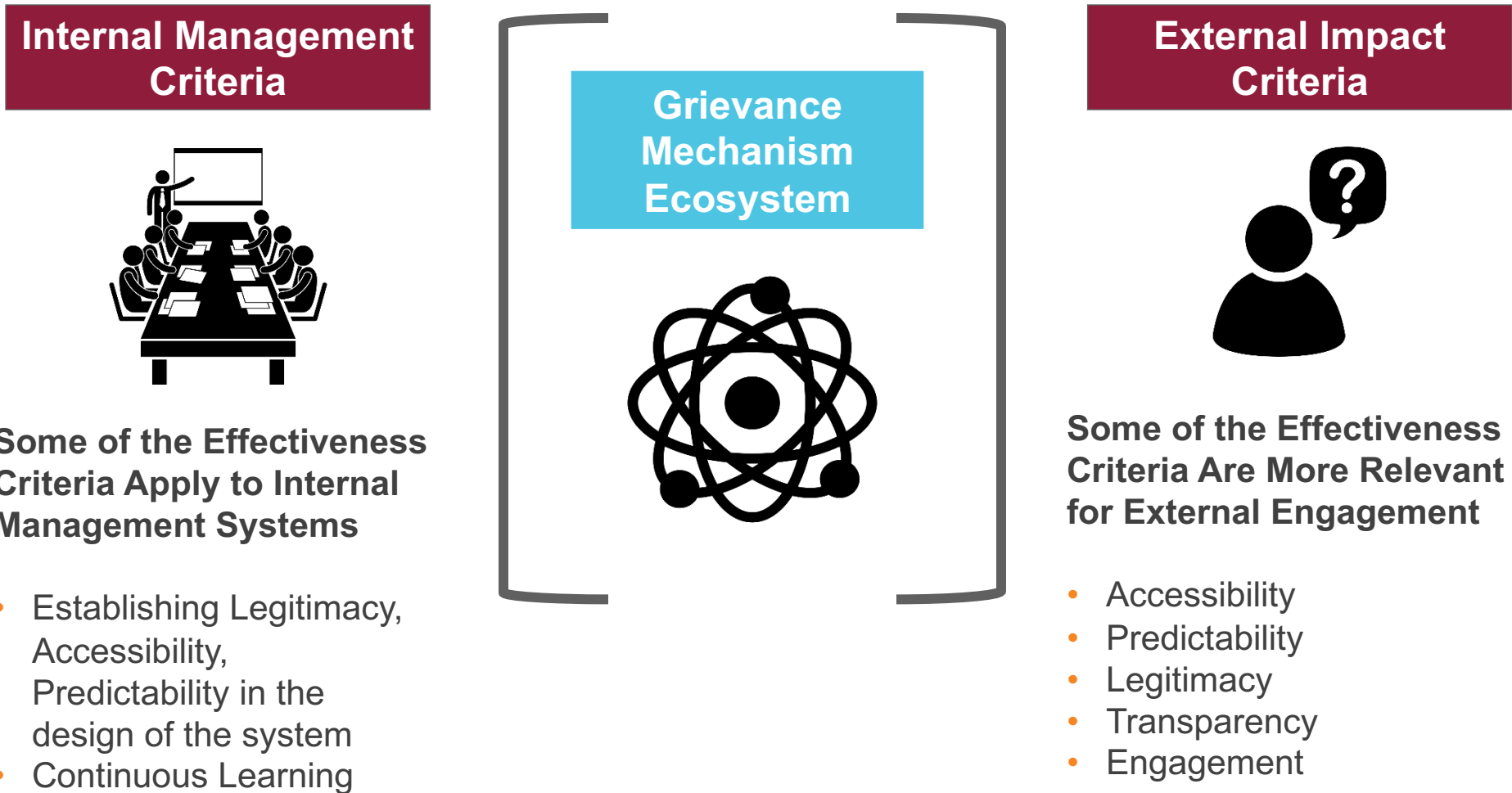
Problem 1: Effectiveness Criteria Apply Throughout



The UNGP Effectiveness Criteria should **guide the design and implementation of each grievance mechanism** in the ecosystem.

Problem 2: Internal and External Alignment

The **Internal Grievance Management System** and the **External Impact on Stakeholders** should be aligned under the Effectiveness Criteria.



7) Cross-functional working groups

- Increasing cross-functional collaboration is a significant trend
- Notable in telecoms and extractives
- Shared accountability is very common for human rights approaches overall

Internal Human Rights Governance Groups

As human rights becomes more integrated, a number of companies have set up cross-functional groups to set and implement human rights strategy. This internal cooperation allows human rights efforts to be multi-directional, rather than hierarchical.

Coca-Cola



- Coca Cola's Global Workplace Rights (GWR) group addresses the following:
 - Identifying human rights risks through the value chain
 - Developing easy-to-use due diligence tools to help identify and mitigate human rights risks
 - Informing Board of Directors' Committee on Public Issues and Diversity Review of priority human rights issues

Yahoo



- Yahoo's Business and Human Rights Program (BHRP) is a team dedicated to human rights integration
 - The BHRP created a virtual cross-functional team to draw upon the expertise of Yahoo employees across the company

BP



- BP's action plan aims to achieve closer alignment with the UN Guiding Principles
 - Representatives from key functions, including human resources, ethics and compliance, procurement, security and safety, and operational risk oversee the plan's implementation

8) Collaboration with Other Companies

- Cross-industry collaboration is very common on human rights issues, very uncommon on anti-corruption
- Anti-Corruption example:
 - Maritime Anti-Corruption Network
- Human Rights examples:
 - Voluntary Principles on Security and Human Rights
 - EICC
 - GNI

Electronic Industry Citizenship Coalition (now Responsible Business Alliance)



The Challenge

The rapid growth of ICT requires an expansive manufacturing supply chain that needs to address a range of labor, health, safety, and environmental challenges. In 2004, it became clear that different players across the ICT value chain—brands, assemblers, and component manufacturers—should form one collaborative initiative to be more effective in meeting these challenges.

Our Strategy

- BSR housed the EICC from 2004-2008 and acted as secretariat until 2013.
- Helped the EICC establish sustainable approaches to governance, management, and membership growth.
- Developed approaches on supplier engagement and managing issues related to conflict minerals, working hours, water quality, and emissions.

Our Impact

- EICC grew from seven companies in 2004 to almost 100 companies by 2014.
- EICC influences responsible business practices at companies representing more than 2.6 trillion USD in combined revenue.
- Member companies apply EICC code for their suppliers' facilities and proactively address intractable challenges.

Lessons Learned

- Collaboration across the value chain allows issues such as conflict minerals, carbon emissions, working hours, and student workers to be rapidly and effectively addressed.
- In diverse coalitions, different tracks moving at different speeds can enhance impact and maintain momentum.
- System-wide and public policy challenges remain.

Example: M&S

Taking the Lead on Modern Slavery



Challenge

- The supply chains of the food/beverage and apparel/footwear industries have been under the spotlight for years, but recently this has intensified with the focus on forced/slave labor by NGOs and governments and the discovery of such practices in some countries.
- M&S, with its extensive global supply chains, was implicated in some of these findings and in response developed a strategy to eliminate the practice from its supply chain that included stakeholder engagement.

Engagement Strategy

- Maximize transparency with respect to its supply chain and practices
- Engage directly with suppliers and business partners, including creating and providing a “Modern Slavery Toolkit”
- Used its influence in various collaborative initiatives, including the Consumer Goods Forum and Better Cotton Initiative, to focus business efforts on slave labor issues and take an active role in setting the modern slavery agenda – such as “Building Better Solutions Together”
- Sponsored the development of the UK Modern Slavery Helpline
- Hosted conferences/other convenings of key stakeholders on the slavery issue

Impact

- Significant enhancement of internal understanding of slavery issue and its relationship to M&S’s supply chains
- Better relationships with international stakeholders focused on human rights issues

MACN – a rare anticorruption example



The Challenge

- 90% all cargo is transported on ships, and ocean transport is a safe and environmentally-responsible way to transport goods. Shipping is a truly global business and makes a positive contribution to economic growth around the world.
- However, shipping also carries risks: It is highly regulated, it operates in many different jurisdictions, and it has dispersed operations. In port, the industry has frequent and multiple interactions with government officials. Rejecting and challenging corrupt demands may lead to delays, put the safety of the crew and ship at risk, and have significant commercial consequences.

Our Strategy

- MACN members work together toward the vision of a maritime industry free of corruption through the three pillars of Collective Action, Capability Building, and Culture of Integrity.
- Through its activities, MACN raises the compliance standard in the maritime community, contributes to several principles of the Sustainable Development Goals, and supports efforts to improve ocean governance.

Our Impact

- MACN has become one of the preeminent examples of an industry-led collective action network. Stakeholders including national governments, UNDP, OECD, and Transparency International have recognized MACN's efforts to facilitate trade and combat corruption in the global maritime supply chain

Lessons Learned

- Multi stakeholder engagement can truly drive change
- Stand as one industry voice has helped to raise awareness about the issues around maritime corruption
- Capability building is a vital tool for companies to start tackling corruption

Week 7: Exercise

- Which of the issues discussed do you think are primarily ethics and compliance issues, and why?
- Which of the issues discussed do you think are not ethics and compliance issues, and why?
- How might the sustainability agenda support the work of the ethics and compliance team?
- Are there scenarios where the sustainability agenda might undermine the work of the ethics and compliance team?
- Should sustainability and ethics be treated together in organizations? Why or why not?