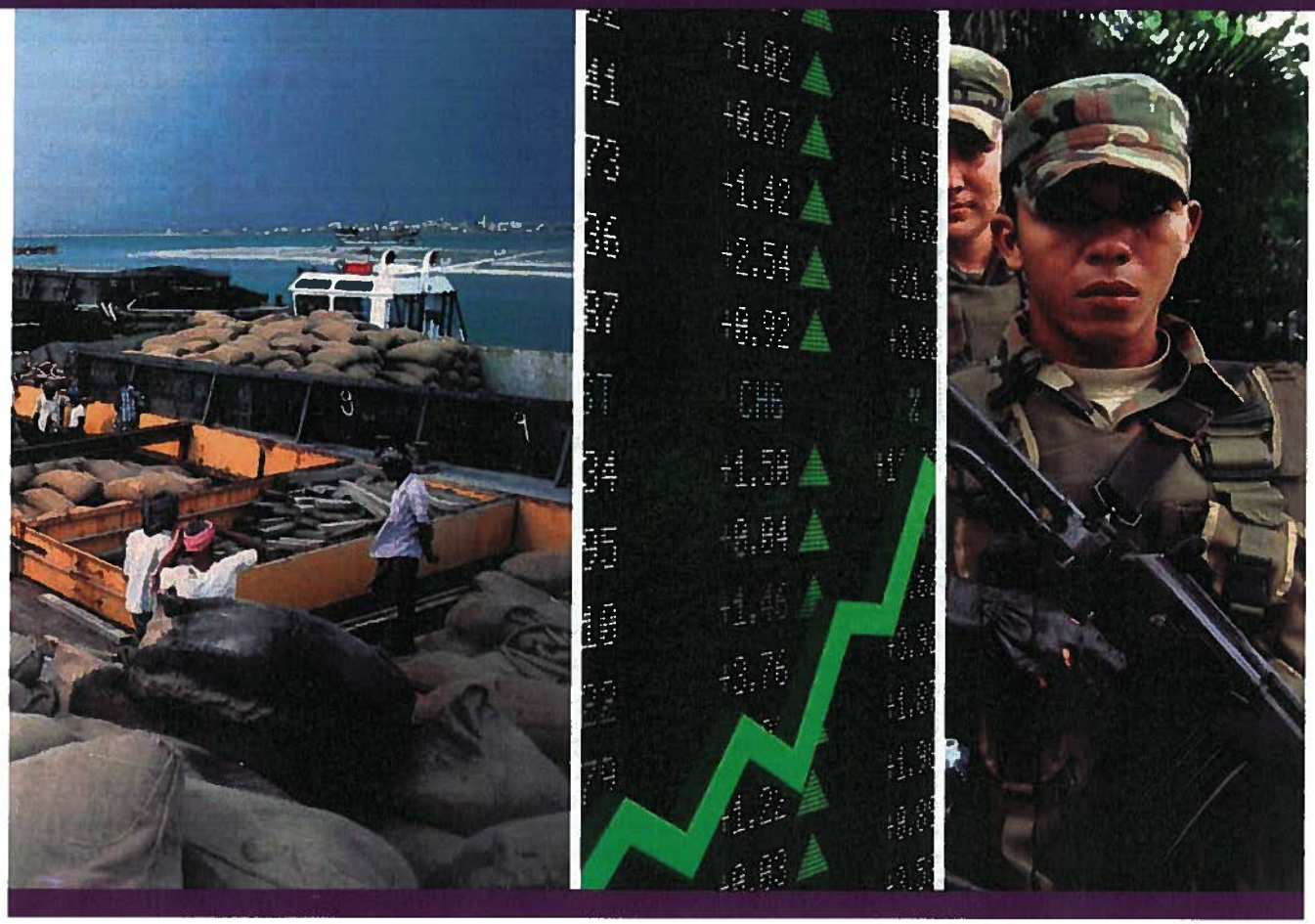
Attachment 3b



GUIDANCE ON RESPONSIBLE BUSINESS IN CONFLICT-AFFECTED AND HIGH-RISK AREAS:

A RESOURCE FOR COMPANIES AND INVESTORS

A joint UN Global Compact – PRI publication

United Nations Global Compact

PRI

"Guidance on Responsible Business in Conflict-Affected and High-risk Areas: A Resource for Companies and Investors" aims to assist companies in implementing responsible business practices in conflict-affected and high-risk areas consistent with the Global Compact Ten Principles. It seeks to provide a common reference point for constructive dialogue between companies and investors on what constitutes responsible business practices in difficult operating environments, though it does not provide guidance on investment practices of financial institutions.

This voluntary guidance aims to complement applicable national and international laws by promoting international good practice. It does not presume to replace the private sector's legal rights and duties to their home and host country governments. Voluntary approaches cannot be a substitute for government action, but they can reinforce the positive impacts of investment in conflict-affected and high-risk areas.

This guidance is designed to stimulate learning and dialogue and to promote collective action and innovative partnerships through Global Compact Local Networks and other initiatives. It was 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. It was informed by good corporate practices from around the world, as well as a series of multi-stakeholder events (Istanbul; New York; Khartoum; Tokyo). Global Compact Board members and Global Compact Local Networks have also been involved in its development. It is subject to review in the light of new developments and – like all guidance developed by the Global Compact Office – it is voluntary.

For companies of all sizes, operating a business unit in a high-risk area poses a number of dilemmas with no easy answers. There are challenges, yet a number of difficulties can be defused with early proactive measures. It is our hope that this guidance is a useful resource to help reduce corporate risks and enhance the capacity of companies to make a positive long-lasting contribution to peace and development. We believe there is effectively no contradiction between maximized long-term financial performance and positive contributions to peace and development.

Project Management: Melissa Powell, Adrienne Gardaz, Dawoon Chung, Meng Liu
Copy-Editor: Tom Zoellner
Designer: Hedie Joulaee
Printer: United Nations, New York

Copyright © 2010
United Nations Global Compact Office
Two United Nations Plaza, New York, NY 10017, USA
Email: globalcompact@un.org

Disclaimer:
The United Nations Global Compact Office makes no representation concerning, and does not guarantee, the source, originality, accuracy, completeness or reliability of any statement, information, data, finding, interpretation, advice or opinion contained within this publication. The inclusion of company examples does not in any way constitute an endorsement of these organizations by the United Nations Global Compact Office. The material in this publication may be quoted and used provided there is proper attribution.

Copyright
The material in this publication is copyrighted. The UN Global Compact encourages the dissemination of the content for educational purposes. Content from this publication may be used freely without prior permission, provided that clear attribution is given to UN Global Compact and that content is not used for commercial purposes.

Table of Contents

Introduction 6

Core Business 10

Government Relations 16

Local Stakeholder Engagement 20

Strategic Social Investment 24

Summary of Guidance Points 28

Acknowedgements 30

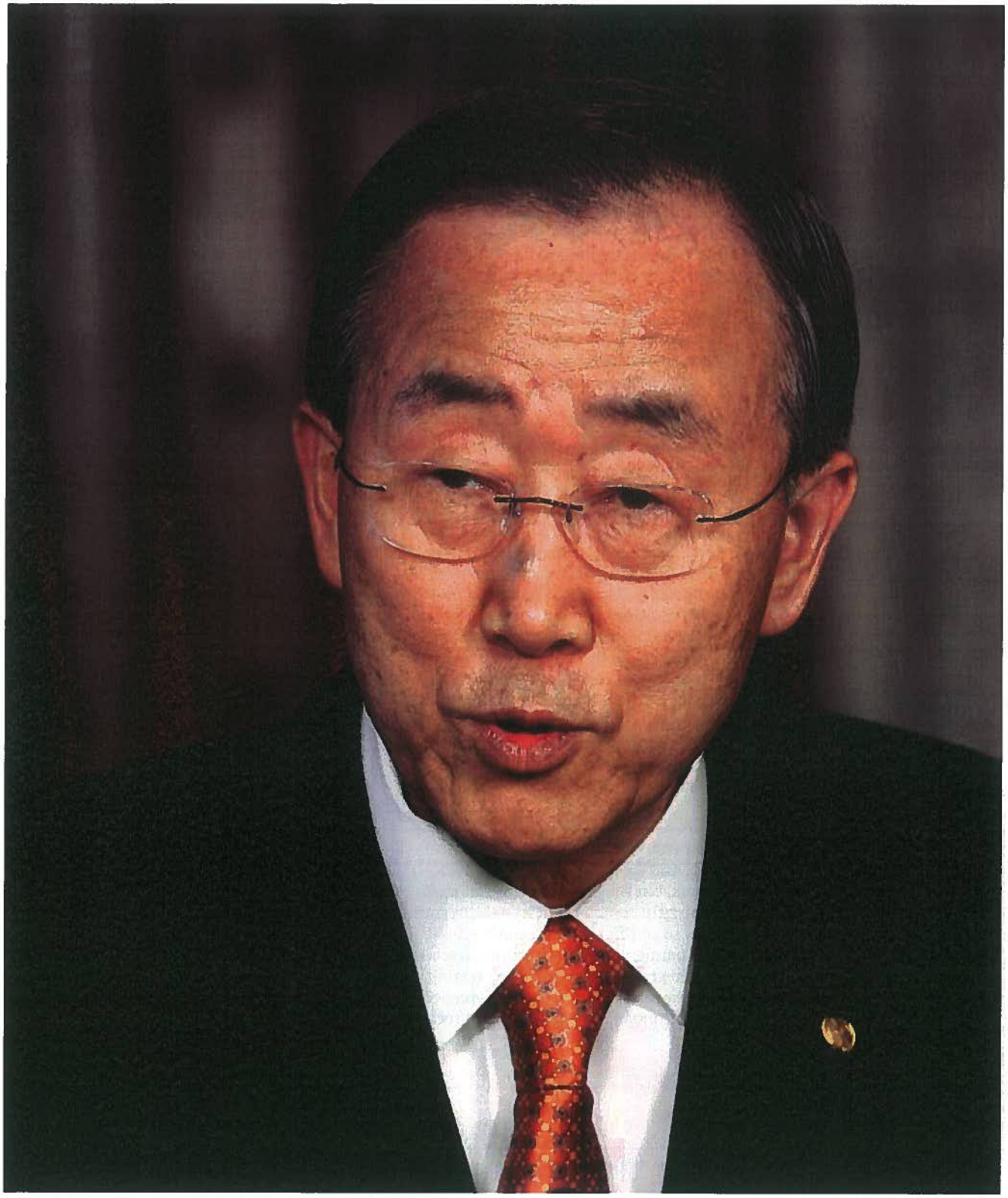
Expert Group Members 32

Annex 36

1. Further resources on specific Guidance Points 36
2. General sources of information 40

"It is this need to find common solutions to pressing challenges that drives the corporate responsibility movement globally. It makes business a key partner to the United Nations as we pursue our goals for development, peace and security (...). Our mission is an historic one. The challenge before us is clear: ensuring that companies apply the principles of the Compact within their own organizations, while enabling them to make common cause with other companies and other stakeholders is addressing global challenges and helping to meet the needs of the world's people."

—H.E. Mr. Ban Ki-moon, United Nations Secretary-General



Introduction

Companies and their investors are paying increased attention to the challenges and opportunities of doing business in conflict-affected and high-risk areas. These areas differ significantly from more stable operating environments and require companies and investors to take into consideration additional factors.[1] Various tools have been developed to help companies implement responsible business practices in these sensitive areas, yet they still face many challenges. Two major difficulties have been the lack of agreement on what constitutes "responsible" business in conflict-affected and high-risk areas, and the practical challenges unique to such contexts.

Purpose

The primary purpose of this guidance document is twofold:

- To assist companies in implementing responsible business practices by living up to the Global Compact Ten Principles in conflict-affected and high-risk areas so they may maximize their long-term financial performance and make positive contributions to peace and development, while minimizing risks and negative impacts to both the business and society.
- To provide a common reference point for constructive engagement in conflict-affected and high-risk areas, as opposed to divestment, between companies and investors[2] (specifically shareholders and potential shareholders).

Context

The primary responsibility for peace, security and development rests with governments, but the private sector can make a meaningful contribution to stability and security in conflict-affected and high-risk areas. Commercial activities have direct and indirect positive impacts by creating job opportunities, generating revenues that advance economic development and recovery, making sustainable investments in cities and towns, creating inclusive hiring policies that build good relations between ethnicities and communities, developing "bottom of the pyramid" business strategies and promoting best practices in the areas of human rights, labour, the environment and anti-corruption. Business can also be a powerful incentive for bringing people together across national and cultural lines, creating relationships based on a shared sense of identity and purpose, overcoming differences that, in the wider society, are more difficult to surmount. These contributions can be made by companies of all forms: small and large, public and private, international and local.

Yet in some cases, companies may negatively impact their own operations and their activities may exacerbate conflict or instability — even if their intentions are for the best. One common pitfall is hiring or consulting with one group of local stakeholders while ignoring the rest, unintentionally benefiting one group over another which can foster grievances between communities. Well-meaning social investment projects may undermine a government's role in providing basic services. And poorly-trained security forces might use excessive force around company assets resulting in human rights abuses. Such impacts can create reputational, operational, and financial risks for companies and investors. Engagement with companies operating in conflict-affected and high-risk areas can increase investors' understanding of highly complex situations and access to information regarding companies' activities, promote the development of good policies and risk mitigation strategies related to such activities, and encourage companies' positive contributions to sustainable peace and development. When companies and investors are able to understand and take steps to address complex issues associated with such contexts, they can mitigate the risks and negative impacts posed to and/

1. The following conditions often prevail in conflict-affected and high-risk areas: human rights violations; presence of an illegitimate or unrepresentative government; lack of equal economic and social opportunity; systematic discrimination against parts of the population; lack of political participation; poor management of revenues, including from natural resources; endemic corruption; and chronic poverty with associated heightened risks and responsibilities.

2. As used in this document, the term "investors" refers to a number of financial agents including asset owners (such as pension funds, government reserve funds, foundations, endowments, insurance and reinsurance companies and depository organizations) and investment managers. This guidance will also be relevant for professional service providers engaging with investee companies on behalf of their client financial institutions. Further information on these terms is available on the Principles for Responsible Investment's website at: www.unpri.org/faqs/#whocansign.

or by corporate activities, ensure long-term financial performance of business and play an important role in supporting peace and development.

Using this document[3]

This guidance does not offer technical instructions. It is not intended to serve as a blueprint for responsible behavior in all conflict-affected and high-risk areas. It complements responsible practices in peaceful and stable contexts, in situations of instability or conflict. This Guidance is offered to help companies improve their conduct, and provides a point of reference for engagement between companies and investors. It is designed to stimulate learning and dialogue and promote collective action and innovative partnerships through Global Compact Local Networks and other initiatives. It is subject to review in the light of new experiences and developments and, like all guidance developed by the Global Compact Office, is not a mandatory requirement for participants.

THE MEANING OF "CONFLICT-AFFECTED" AND "HIGH-RISK" IN THIS DOCUMENT:

There is no single definition for the terms "conflict-affected" or "high risk" areas. This Guidance may be relevant for a variety of contexts, including countries, areas or regions:

- That are not currently experiencing high levels of armed violence, but where political and social instability prevails, and a number of factors are present that make a future outbreak of violence more likely (these factors are explained further throughout the document).
- In which there are serious concerns about abuses of human rights and political and civil liberties, but where violent conflict is not currently present.
- That are currently experiencing violent conflict, including civil wars, armed insurrections, inter-state wars and other types of organized violence.
- That are currently in transition from violent conflict to peace (these are sometimes referred to as 'post-conflict'; however transition contexts remain highly volatile and at risk of falling back into violent conflict).

The Guidance categorizes responsible business practices into four areas:

- Core Business
- Government Relations
- Local Stakeholder Engagement
- Strategic Social Investment

Each section is structured in a similar fashion and includes:

- Definitions of relevant terminology
- Opportunities
- Challenges[4]
- Guidance points
- Explanatory notes
- Brief examples illustrating the guidance points

All of the sections are complementary and, given the cross-cutting nature of some aspects, should be considered in interconnection with the other parts of the guidance. Good practice with regard to one section should not be considered a substitute for another. The guidance is complemented by an annex that builds upon existing resources in the field and provides a list of tools and initiatives that can be considered for further support.

In general, **companies are encouraged to**:

- Develop policies and procedures for engagement with investors and be open to discussing concerns outlined within this guidance.
- Make reasonable efforts to disclose information that will enhance investors' understanding of business activity in a timely manner and taking account of legal and commercial considerations.

3. As used in this document, the term "engagement" is to be understood as an overall description for a two-way conversation between a company and its shareholders and/or potential shareholders for the purpose of communicating views and concerns on issues that can impact the long-term performance of the company. Such dialogue can vary from regular correspondence to resolutions on company ballots at Annual General Meetings (AGMs), or in-depth meetings over a significant time period. However, the term "engagement" is also used to refer to a company's relations to the government and other stakeholders as outlined in other sections of this Guidance.

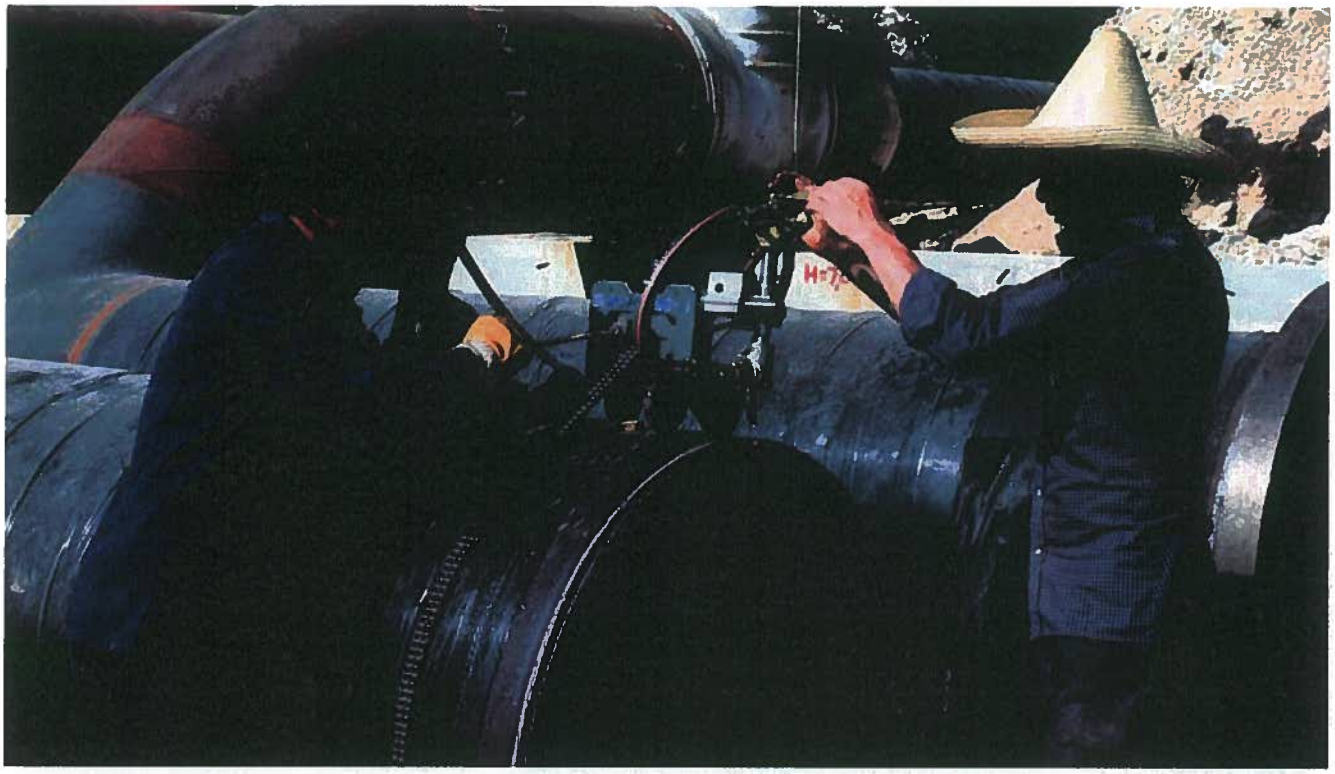
4. The term "challenge" is used to refer to the risks to a company which may result from the impacts of its operations.

- Refer to this guidance at the earliest stages of their operations and throughout, especially during their initial consideration of investment.
- Use their annual "Communication on Progress" to report on the implementation of this guidance and make sure it receives wide circulation among the stakeholders.
- Ensure the involvement of their Boards and senior management on these issues to demonstrate high-level concern for the challenges of operating in such contexts.
- Join a Global Compact Local Network in an operational area. These are country-specific, multi-stakeholder platforms which can have a multiplying effect on a company's good intentions. Actions are often more effective when taken collectively and in a multi-stakeholder context.

Investors are encouraged to:

- Make reasonable efforts to assess all public information when engaging companies.
- Make reference to this guidance during dialogues with investee companies with operations or interests in conflict-affected or high-risk areas.
- Review the company's annual Communication on Progress to access relevant information about a company's implementation efforts.
- Improve communications between specialist Economic, Social and Governance (ESG) analysts and fund managers in relation to conflict-related issues discussed with companies.
- Provide constructive feedback to companies on their communications with investors.
- Explain how the information provided by companies will be used in the investment process (selection of sectors and individual assets, basis for ownership decisions, etc).
- Be prepared to act collectively with other investors under appropriate circumstances.

All Global Compact participants are expected to embrace, support and implement a set of Ten Principles in the areas of human rights, labour standards, environmental sustainability, and anti-corruption wherever they do business. There is no doubt that conflict-affected and high-risk areas present a special challenge to this commitment. Failure to adhere to responsible business practices carries additional costs and risks in such contexts, as it can exacerbate tensions and instability. Yet the potential rewards are correspondingly high. A responsible business sector can make a marked contribution to the lasting peace and prosperity of conflict-affected and high-risk areas. This document aims to be a common reference point for this ongoing and vital dialogue.



Core Business

Core Business refers to corporate activities aimed principally at generating profits. This includes operations located at the company's own premises, its branches, subsidiaries and/or joint ventures, as well as trading and procurement links with suppliers.

Opportunities

Companies may face numerous challenges to their operations in conflict-affected and high-risk areas. Through responsible core-business operations, a company can:

- Mitigate risk factors posed to and by corporate activities.
- Reduce operational challenges enhancing its ability to create value.
- Foster stability that would secure long-term benefits for the company.

While securing its operations, it can also make important contributions to the economic development and/or recovery of regions coming out of conflict. For example by:

- Generating tax revenues for host governments that, if managed responsibly, can help them recover and provide services to their citizens after war.
- Creating job opportunities and ensuring equitable access to jobs through sensitive human resource policies, such as youth employment programmes.
- Bringing diverse groups together to work towards shared and mutually beneficial economic and social development.
- Creating value locally by ensuring the use of local products and services in its supply chains wherever possible, particularly including vulnerable and conflict-affected parts of the population.
- Creating infrastructure developments related to company operations which can benefit local communities.

However, if adequate policies and strategies are not in place, core business operations may have unintended consequences and impacts. The most significant challenges relating to a company's core business operations are identified below, with guidance on how they can be addressed.

CHALLENGE

A company may not adequately address all risks and impacts present in such contexts, including its potential to fuel conflict through its core business activities. As a result, the company may be exposed to heightened tensions, and even disruption in its own operating environment.

Guidance Point #1: 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. They are encouraged to adapt existing due diligence measures to the specific needs of conflict-affected and high-risk contexts.

Explanatory Note

Conflicts can arise from a number of problems that can be inadvertently exacerbated by private sector investments. Companies are encouraged to take purposeful steps in order to operate in a manner sensitive to the conflict. This includes three overall dimensions:

1. Understand the risks and conflict dynamics present in the operating environment and the potential impacts of their own operations. Examples of these include fuelling corruption, labour issues, or lack of socioeconomic opportunities for local populations. Conflicts can also arise where a company contributes to environmental damage; uses natural resources unsustainably; or restricts access to natural resources such as land and water.
2. Adapt operations to minimize negative risks and impacts.
3. Adapt operations to maximize potential positive contributions through core business operations.

EXTENDING CORE BUSINESS ACTIVITIES TO SUPPORT PEACE

Issue – Two Asian companies in the heavy manufacturing sector adapted products from their core earthmoving range to be suitable for anti-personnel mine clearance activities in post-conflict areas. When using the machines in one village where they operated, they learned that some villagers were actually opposed to mine-clearing activities as they feared that the cleared land would be allocated by the government for commercial agriculture once it had been made safe.

Approach – The example illustrates: first, how a core business activity (heavy manufacturing) can be extended to support peace initiatives (mine clearance). And secondly, that such efforts may have unexpected negative impacts if the specific context is not assessed thoroughly. The company widened the field of stakeholders and included more voices in its process of gathering information.

Result – The land, once cleared of mines, was put to beneficial use by the villagers.

To achieve this, companies should take up the following measures, in line with the due diligence principles outlined in the United Nations Framework for Business and Human Rights, developed by the UN Secretary-General's Special Representative on Business and Human Rights:

1. Develop policies and integrate them into management systems to minimize negative risks and impacts and maximize positive impacts through core business operations.
2. Clearly communicate these policies and steps taken to implement them, for example through a policy statement by the Board. Organizing internal trainings can also raise staff awareness.
3. Conduct a "conflict risk and impact assessment" prior to investing and starting operations. This should complement, and not replace, human rights, environmental and social impact assessment processes.
4. Continue to regularly monitor the operating environment based on credible and reliable sources of information from the pre-acquisition phase. This can be in addition to or integrated in other types of information gathering (such as political risk analysis or security assessments).
5. Work in partnership with reputable third parties with the relevant local expertise and skills, such as in conflict analysis, mediation and arbitration. Relevant partners can be local and international civil society organizations, development agencies, or think tanks and universities.
6. Explore options for contributing constructively to tackle specific risks and conflict issues identified (see paragraph on opportunities above).
7. Track and report on performance, including through their annual Communication on Progress.

CHALLENGE

Grievances and disputes may arise from a company's core business operations among local communities and other stakeholders and may not be detected early enough to be dealt with constructively and in a timely manner. Grievances of those affected may be left to fester and lead to increasing tensions.

Guidance Point #2: Companies are encouraged to 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.

Explanatory Note

In conflict-affected and high-risk areas, communities typically experience high levels of stress and trauma through prevailing insecurity, violence or displacement. Due to the preexisting strain on the population and the volatility of the context, businesses need to pay particular attention to monitoring and adapting their operations to their environment. Grievance procedures can serve as early warning systems and provide the company with ongoing information on their impacts that can be used to adapt practice, avoid the escalation of disputes and, where necessary, inform a process for resolution.

In order to develop a social license to operate, companies are encouraged to:

1. Strive for meaningful and constructive engagement and dialogue with individuals and communities affected by core business operations. This is also an essential element of impact assessments and monitoring (see also Section 4 on Stakeholder Engagement).
2. Develop policies and mechanisms according to existing standards to settle disagreements and grievances.
3. Inform relevant stakeholders about existing company policies and explain how specific challenges will be addressed.
4. Ensure the broad participation of the community and adopt measures that those participating can raise grievances freely, safely, and in the knowledge that their concerns are dealt with in a timely manner.

DEALING WITH COMMUNITY GRIEVANCES

Issue – Conflicts between local communities and an oil company in Asia over the impacts of the oil operations threatened to cause delays and financial losses for the company.

Approach – The company employed four main strategies to engage more effectively with communities:
1. Community outreach and interviews with key opinion leaders and decision makers.
2. Information dissemination, education, and communication activities for the wider community.
3. Perception surveys and participatory workshops to introduce the project and validate initial survey results.
4. Participatory involvement in the formulation of environmental management plans.

The cost of this engagement was estimated at approximately US$6 million on a total project cost of US$ 4.5 billion (0.13% of total costs).

Result – The company calculated that by changing its engagement with local communities, it managed to avoid project delays of approximately 10-15 days, equivalent to an estimated saving of US $50-72 million through timely completion of construction and avoiding contractual penalties.

CHALLENGE

Companies may become implicated in abuses and allegations of complicity in human rights abuses. Such accusations may be costly both reputationally and financially for a company and seriously affect the concerned communities.

Guidance Point #3: Companies are encouraged to 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 contexts.

Explanatory Note

Systematic and large-scale violations of human rights, humanitarian and criminal law may accompany violent conflict, and can be both a cause and a consequence of conflict and instability. What may begin as apparently "one off" abuse can escalate. In order to avoid accusations of complicity, companies are encouraged to:

1. Develop corporate policies and systems throughout the company to ensure effective respect of, among others, national law, the United Nations Framework for Business and Human Rights developed by the United Nations Secretary-General's Special Representative on Business and Human Rights, United Nations Security Council resolutions, typically on sanctions, international humanitarian law and evolving international best practices.
2. Mainstream policies and systems throughout the company, such as by providing training to employees and develop adequate indicators for compliance.
3. Establish effective systems to monitor compliance and share experiences with peers and stakeholders.

CHALLENGE

Abusive behavior by security forces engaged to protect staff and physical plants may expose the company to accusations of complicity in such abuses.

Guidance Point #4: 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.

Explanatory Note

In conflict-affected and high-risk areas, companies may hire private security providers or work with public security providers to protect their operations and personnel. If security providers use excessive force, it may amount to a human rights violation, which can have significant negative consequences for the company's reputation and financial performance. This may be the case even where the company did not intend or order the actions. Companies are encouraged to:

1. Build provisions on evolving best practices into the contract with security providers.
2. Screen potential security providers' track records, including their human rights records, and ensure they have requisite policies and codes of conduct that reflect good practice in security provision.
3. Consult regularly with host governments and local communities about the impact of security arrangements on those communities.
4. Record and report any credible allegations of human rights abuses by security providers to appropriate host government authorities in a company's area of operation.
5. Provide relevant human rights training to security forces, where possible.
6. Join voluntary initiatives offering guidance, such as the Voluntary Principles on Security and Human Rights.

For additional guidance, see also Guidance Point 2 in the section on Government Relations.

DEALING WITH THE SUPPLY CHAIN

Issue – A large North-American company is producing computers and related hardware products. While their direct suppliers do not necessarily operate in conflict-affected and high risk areas, they have learned that critical raw materials used in their products may have come from areas controlled by armed actors.

Approach – The company joined forces with other industry peers to create a certification mechanism on certain minerals such as tin, coltan and cassiterite coming from conflict-affected and high-risk countries. It also asked some of its suppliers – those deemed "high risk" – to complete a self-assessment questionnaire to identify potential social and environmental responsibility performance risks.

Result – These self-assessments began with an important psychological effect. They helped its suppliers become more familiar with the company's expectations of what it means to conform to the supply chain code of conduct. The company then reviewed the results of the self-assessment and asked some of them to implement an improvement plan. The company has engaged more than 600 suppliers in this process and conducted over 500 supplier site-audits in the last ten years. The company has made available as much information on those audits as possible. It has listed the majority of its suppliers in an effort to be more transparent.

CHALLENGE

Companies may inadvertently provide financial or material means that facilitates armed conflict, causing reputational, legal, operational and financial risks for the company. This can happen more generally through business relations and transactions with conflicting parties, inadequate supply-chain management or through extortion payments to armed groups.

Guidance Point #5: Companies are encouraged to carefully monitor their business relations, transactions as well as flows of funds and resources and to 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. In so doing, companies can help to ensure that they are not providing funding or support to armed actors who may benefit from revenues generated by the sale of such goods and resources.

Explanatory Note

Companies should be aware that purchasing commodities through suppliers and supply chains which may be connected to armed actors may result in financial or in-kind support to violent or criminal factions. A thorough and extensive supply chain management system is critical to reducing these risks in high-risk areas. Companies are encouraged to:

1. Carefully examine and monitor existing and newly established business relations and transactions to verify that they do not supply funding or other resources to armed groups.

2. Conduct an extensive mapping exercise and focus due diligence on their suppliers to verify the origin of products they purchase, as well as understand the set of risks involved at different levels of the supply chain.
3. Expand their supply chain due diligence process to sub-tier suppliers which are responsible for providing goods and services to companies' strategic suppliers. In conflict-affected and high risk areas, these sub-tier suppliers often provide raw materials and thus pose the most significant challenge to companies in implementing responsible business practices.
4. Develop a robust mechanism for monitoring business and funding transactions in conflict-affected and high-risk areas and set up procedures for supply chain engagement and regularly communicate with suppliers about the company's expectations and standards.
5. Encourage their suppliers and sub-tier suppliers to develop the capacity to implement responsible business practices.

CHALLENGE

Vast sums of money and/or the sudden influx of revenues legally generated by companies may lead to corruption both between private sector entities and between the private sector and the public sector. Further, in some situations, there may be a lack of regional and local capacity to manage such influx.

Guidance Point #6: Companies are encouraged to 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 organisations) contracting with the company.

Explanatory Note

Corruption can take place between private sector entities and between the private sector and the public sector. It can take the form of bribery, kickbacks, extortion, protection money, facilitation payments, fraud, money laundering, influence peddling and political and charitable contributions. When systematic, such practices often aggravate grievances among populations and can fuel conflict. Companies are encouraged to:

1. Place particular emphasis on due diligence against corruption, by adopting stringent anti-corruption measures and regulations against financial misconduct.
2. Be transparent about the selection process for awarding contracts.
3. Organize periodic workshops and trainings for employees and contractors on anti-corruption measures.
4. Where possible, join voluntary initiatives promoting revenue transparency such as the Extractive Industries Transparency Initiative or the Wolfsberg Anti-Money Laundering Principles for Private Banking.

For additional guidance on transparency, see also Guidance Point 3 in the section on government relations.

JOINT INITIATIVE TO STEM THE FLOW OF CONFLICT-DIAMONDS

Issue – Diamond traders were accused of fueling devastating civil wars in Africa through the purchase of rough diamonds from rebel groups.

Approach – The international Kimberley Process Certification Scheme (KPCS) was set up, supported by leading international companies. It says that participating states must put in place national legislation and institutions, establish export, import and internal controls and commit to transparency and the exchange of statistical data.

Participants can only legally trade with other participants who have also met the minimum requirements of the scheme, and international shipments of rough diamonds must be accompanied by a certificate guaranteeing that they are conflict-free.

Result – The flow of conflict diamonds was stemmed and fragile countries saw some stabilization of their economies.

Government Relations

Government Relations refers to interactions between the company and government officials, agencies and organizations. Companies interact with governments at multiple levels, from the local to municipal/provincial up to the central government apparatus. At issue may be the granting of licenses, the payment of taxes, the use of public services and other contractual relationships. Government relations also include legitimate public and private lobbying activities to shape the operating environment for business. For companies that operate across borders, this includes dealings with both home and host governments.

Opportunities

In conflict-affected and post-conflict areas, government relations may be complicated by the absence of a clearly identifiable government or one that is not supported by large sections of the population. Carefully considered government relations may therefore be an effective means for a company to:

- Avoid actual or perceived complicity in human rights abuses by government actors.
- Contribute to successful risk management by reducing the risk of the company becoming a target for community grievances.
- Protect its reputation.
- Foster constructive relations that may translate into a competitive advantage.
- Promote strong governance practices that are a central feature of a stable operating environment for business.

All of these outcomes are in the long-term interests of companies, and provide a compelling proposition for investors. In addition to being critical to successful risk management and ensuring that the company does no harm, well-managed government relations efforts may contribute to peace-building processes and help encourage sustainable development by:

- Promoting the "peace dividend" of a political resolution to a conflict for example through local business or multi-stakeholder coalitions, such as Global Compact Local Networks.
- Drawing on political and material resources from outside the context.
- Encouraging the development of institutions, and governance mechanisms to address or forestall the economic, political and social grievances that drive conflict.
- Supporting transparent and accountable mechanisms to govern the allocation, transfer and use of water, land and other resources.
- Encouraging the development and enforcement of effective labour laws, tax codes and other business regulations.

CHALLENGE

A company may find it difficult to avoid actual or perceived political involvement in a context and then may wrongly assume that inaction or withdrawal are the only available courses of action.

Guidance Point #1: 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.

Explanatory Note

Through their interactions with government, both local and international business can promote good governance and support both political will and government capacity to address, resolve and forestall conflict.

Local private sector can contribute to peace-building efforts by:

1. Providing material support to peace negotiations.
2. Adopting hiring and workplace policies that cut across ethnic or racial divides (e.g. the Sullivan and MacBride Principles).
3. Mobilizing pubic opinion (e.g. a public campaign run by a group of trade associations in 2001 encouraged citizens to speak out on the urgency of peace).

Engaging with governments on conflict-related issues can be more sensitive for international companies, given concerns that their actions may be considered unwelcome interventions. However, opportunities for engagement may be present during various points of a project cycle and may be proactive or reactive to specific events. Based on a rigorous analysis of the situation in economic, ethical and legal terms, a wide spectrum of engagement opportunities exist. Companies may choose to employ any or a combination of these strategies:

1. Directly engage the government with their concerns, including for example by articulating the shared interest of government and business in peace and stability, in public and/or private forums.
2. Seek to address their concerns indirectly by engaging with third parties, such as the Global Compact Local Networks or convening business roundtables or multi-stakeholder conferences.
3. Engage in efforts that support governance capacity and support international best practice in resource governance, where possible, through joining initiatives that provide forums for business-government engagement on transparency and accountability, such as the CEO Water Mandate or the Extractive Industries Transparency Initiative.

RESPONDING TO INCIDENTS OF VIOLENCE

Issue – A community meeting in Southern Africa was bombed amidst tensions over resettlement of the population. A company with major operations in the area was then faced with a choice - what to do about it?

Approach – Silence and/or withdrawal from the area was rejected. The company instead embraced a three-fold strategy:

1. Writing a letter of protest to the government, issuing a public statement condemning the incident and calling for a full and public inquiry.
2. Re-iterating an offer to train the local authority responsible for resolving re-settlement issues that were a source of tension.
3. Initiating and co-hosting a multi-stakeholder forum on the most effective means of creating the right business climate for investment without the fear of perceived complicity in human rights abuses. This also led to the establishment of a Global Compact Local Network.

Result – A proactive government relations strategy which sought to (a) generate political will (i.e. the letter of protest and public statement) and support stronger governance capacity (i.e. the offer of re-settlement training); (b) investigate the immediate incident and its causes; and (c) promote the shared interests of business and government in peace (i.e. through the multi-stakeholder forum).

CHALLENGE

Human rights violations by government actors may expose the company to accusations of complicity in these abuses. Further, perceptions that a company may somehow benefit from abuses may make it a focus of local disruption and international attention, negatively impacting its operations and reputation.

Guidance Point #2: Companies are encouraged to take all necessary measures to avoid complicity in human rights violations by government actors in relation to all aspects of the company's operations.

Explanatory Note

Companies are encouraged to:

1. Include in their risk assessments the possibilities of being indirectly or directly complicit in human rights abuses, in the illegal use of force and/or in gross human rights violations.
2. Develop policies, practices and operational guidance on government relations with regard to the environmental protection and natural-resource management, the rights of labour and indigenous peoples and the use of public security forces.

It is important to note that challenges are greater for companies:

- Involved in sectors strategically important to the government or the conflict (i.e. extractive, infrastructure, defense and telecommunications sectors, amongst others).
- With significant or sustained interaction with the government, through joint-venture arrangements.
- Which provide large source of tax revenue (i.e. the risk being that the company is seen as implicitly supporting the government, and so becoming a proxy target).

All companies are exposed to government-related challenges in conflict-affected or high-risk areas, regardless of their size or sector. Employees may be affected, for example, by the illegal use of force and/or gross human rights violations, requiring company engagement with local or national authorities. A company may usefully develop policies and operational guidance on such issues identified through risk assessments. In such situations, some companies have provided legal support to their employees.

CHALLENGE

Companies may expose themselves to reputational risks if they engage in corrupt practices in their relations with government officials. Such practices may also undermine the development and strengthening of accountable governance mechanisms.

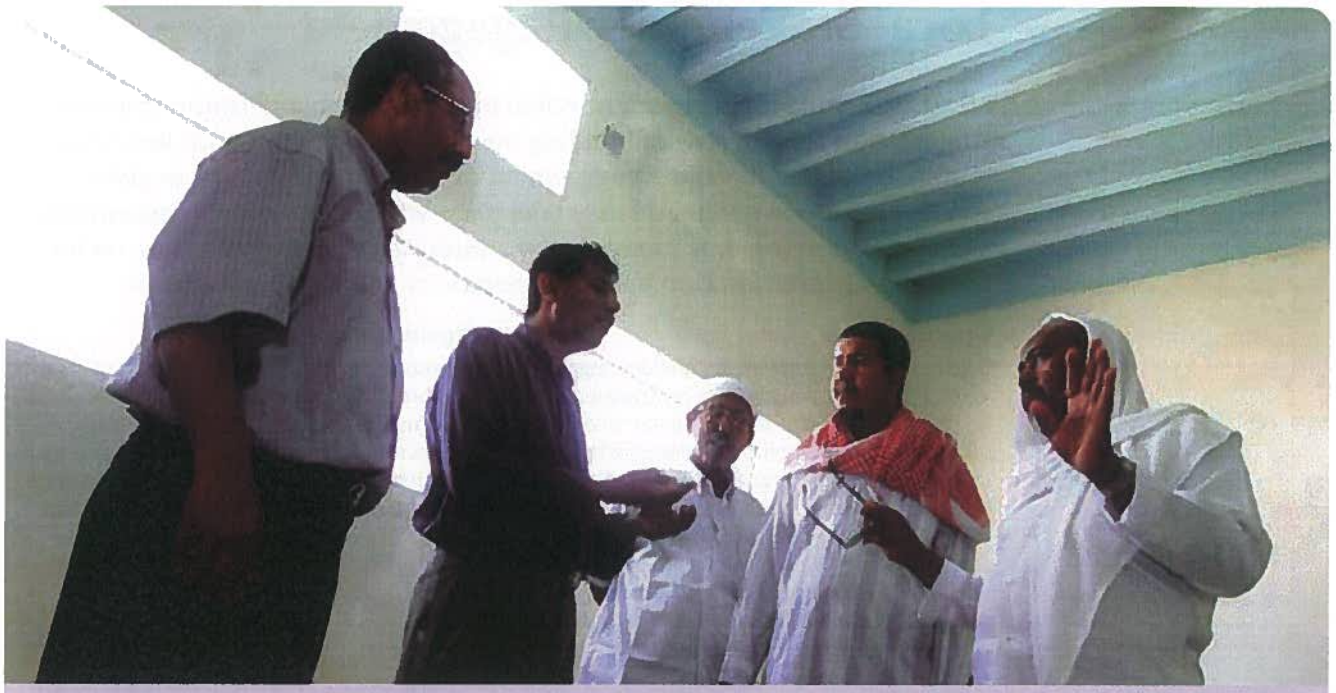
Guidance Point #3: Companies are encouraged to develop clear policies and robust management practices to prevent corrupt relations with government officials. Within legal and commercial constraints, companies are encouraged to promote transparency with host governments and be as transparent as possible with other stakeholders about their relationships with governments.

Explanatory Note

Lack of transparency may foster the perception of corrupt entanglement with the government. Silence toward government malfeasance may also be a poor communication strategy, because the company risks being seen as indifferent and may therefore see its operations targeted by parties in the conflict.

On the other hand, companies can bring significant expertise in financial accounting mechanisms — expertise that can contribute to strengthening accountability mechanisms. Engagement with government actors on corruption and transparency, and follow-up communication with stakeholders, can be most effective through collective initiatives such as Global Compact Local Networks.

For additional guidance on anti-corruption, see also Guidance Point 6 of the Core Business section.



CONSTRUCTIVE ENGAGEMENT WITH GOVERNMENT

Issue – Projects that generate large government revenues may exacerbate tensions between conflicting parties, for example between different regions or a region and a central government. The company's risk of becoming a target increases if there is a lack of transparency about the terms of a project. Yet, a company's ability to share information is often restricted by legal and commercial considerations. A company with oil and gas interests in the Middle East was aware of this dynamic before it went into negotiations with a regional government.

Approach – Prior to entry, the company undertook due diligence and extensive stakeholder engagement, both locally and internationally, to: a) assess the exact nature of the risks posed by and to the projects, and b) identify strategies to minimize those risks.

The strategy the company employed included:

1. Requiring the redrawing of the boundaries for one of the projects to lie solely within the area under the recognized control of the regional authority.
2. Negotiating an option for the company to leave the project after a set period, which allowed the regional and central governments time to resolve outstanding legal and political issues associated with the creation of production-sharing agreements.
3. Making public the payments made to the regional government to support infrastructure and capacity building projects in the region.
4. Confirming the mutual commitment of the regional government and the company to transparency in promoting respect for and compliance with voluntary principles and international best practices such as the Extractive Industries Transparency Initiative or the Voluntary Principles on Security and Human Rights.

Result – A creative strategy developed through extensive stakeholder consultation, and in collaboration with government actors, reduced risks to the company through (a) clarifying the content and structure of relations between the company and different government actors, and (b) encouraging transparency and promoting human rights observance.

Local Stakeholder Engagement

Local Stakeholder Engagement refers to consultation and communication strategies for the purpose of building ongoing relationships with local communities. Local stakeholder engagement can be complementary to global stakeholder engagement and may take place with relevant local communities and civil society organizations. It may address a wide array of issues, including company policies, core business operations and social investment.

Opportunities

Constructive and regular stakeholder engagement, by the company and its contractors, may be an effective means for a company to build a relationship of trust with all concerned parties, so as to position the company as a predictable entity in a context where there may be distrust and/or violence. A company may also:

- Demonstrate its respect for local actors, its willingness to listen to local people and a genuine concern for community well-being.
- Develop a more predictable and stable working environment through early and continued engagement.
- Bring together parties who may have common needs, fostering positive relationships between conflicting groups and reducing the possibility of violent conflict.
- Encourage or support the activities of reputable independent third parties. Global Compact Local Networks can also help to identify suitable and well-motivated civil society organizations which can assist in this process.

CHALLENGE

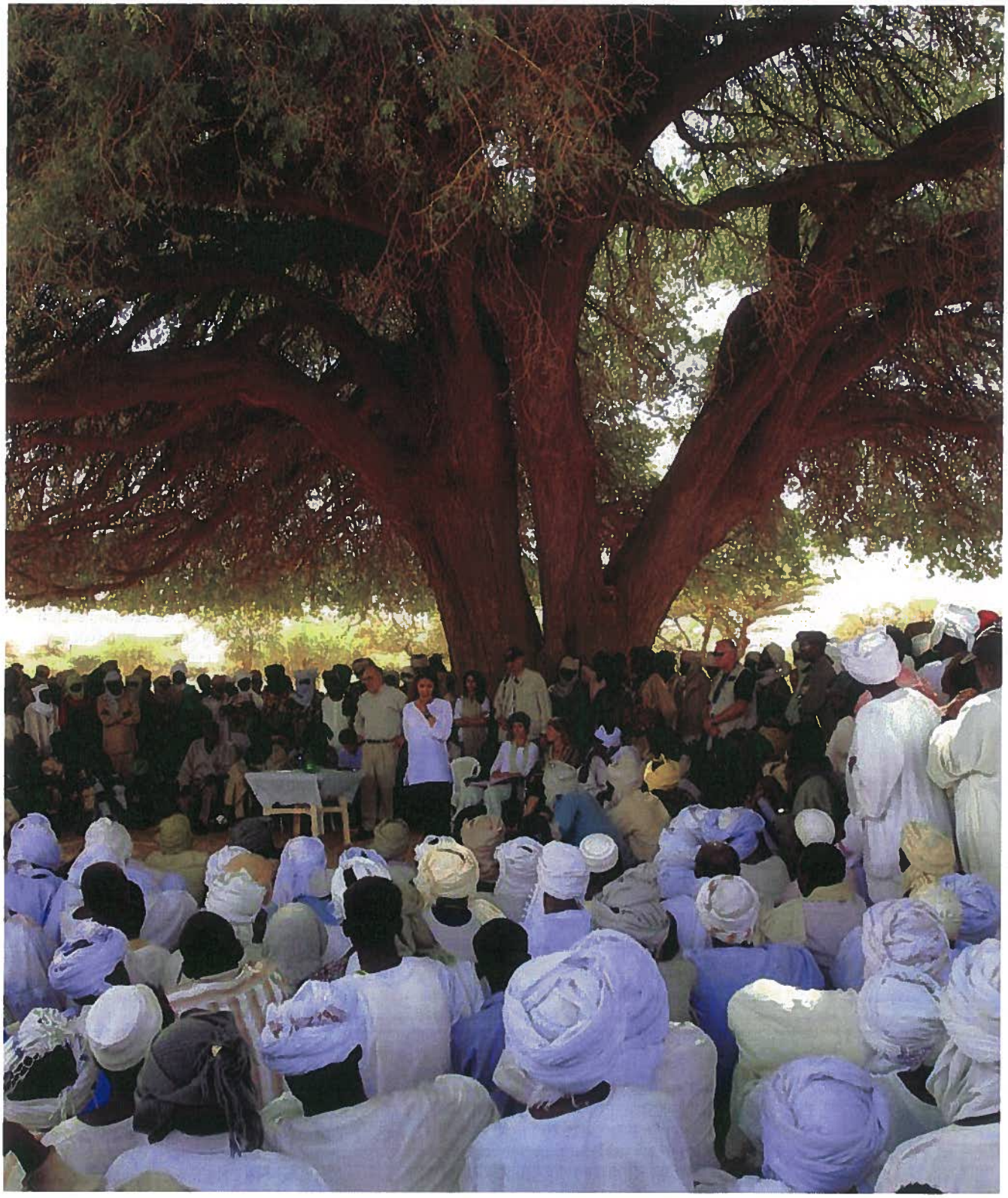
Lack of ongoing and genuine engagement may increase company costs and resource-strain. A lack of proactive engagement may leave stakeholders feeling like they have few options other than disruptive behavior as a way to attract attention. Work stoppages, media coverage and questions by investors can result in a company spending valuable time and resources responding to conflict.

Guidance Point #1. 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.

Explanatory Note

A company's stakeholder engagement strategy should be made operational throughout all company departments and company's contractors. Companies are encouraged to:

1. Ensure proactive and inclusive community consultation, referencing current international standards on Free Prior Informed Consultation or Consent.
2. Implement formal and transparent communication procedures, including publication of meeting minutes and a registry for commitments made by the company.
3. Develop a formal grievance procedure agreed upon with stakeholders, taking into account different approaches to grievance-based concerns and criminally-induced violence.
4. Invest in front-line conflict management capacity and training for staff to professionalize around the issues of conflict resolution, consensus building and facilitating community meetings.
5. Support capacity building of local stakeholders in the ability to be a genuine part of decision-making role, including the involvement of civil society.
6. Ensure that all policies affecting local stakeholders (hiring, compensation, security, etc.) are designed in recognition of the specific operating environment.
7. Utilize conflict analysis tools to understand the impacts of stakeholder engagement activities.
8. Work with independent and trusted third parties such as those identified through the Global Compact Local Networks.



CHALLENGE

Company actions can potentially exacerbate inter- and intra-community tensions and may increase the likelihood of violence directed against a company. Dealing with only one party in the conflict can be perceived by its adversaries as siding with that group and can make corporate operations a target for violence. At the same time, conferring legitimacy to those involved with the conflict may expose the company to the risk of extortion, reward violence or make the company potentially complicit in human rights abuses.

Guidance Point #2: In the context of existing inter- and intra-group tensions, companies are encouraged to take a broad and inclusive approach towards stakeholder engagement.

Explanatory Note

Taking a narrow approach to stakeholder engagement or engaging with the "wrong" leadership may lead to inter-community conflict, by making people feel that they need to compete for access to company decision-makers and company benefits. In developing an inclusive and participatory engagement strategy related to their activities, companies are encouraged to identify legitimate representatives of the community and:

1. Assess if "official" or elected representatives enjoy broad support among their constituency. Propose collective action in stakeholder engagement.
2. To the extent possible, use multiple venues for engagement: informal sports events or festivals, formal meetings with official representatives, public meetings, advisory board of informal leaders, etc. Make sure that some venues are public so that all people have access to the same information.
3. Perform stakeholder mappings to understand positions and interests of each group within the context, and to develop a strategy of engagement for each group.
4. Take a cautious approach to engaging with armed groups. In some cases talking to aggrieved parties can aid due diligence processes and help provide a more accurate understanding of the conflict. However engaging with criminal or armed groups at a business level may expose the company to allegations of bribery, corruption and illegality. Transparent contractual relationships are generally difficult in this context.
5. Reference current international laws and standards for guidance on financial transactions regarding interactions with groups listed on international terrorist lists.
6. Take a broad and inclusive approach to providing opportunities, such as jobs, in the community. Be careful that job programmes that integrate ex-combatants into the local economy do not create unfair competition with local stakeholders who chose to stay out of the conflict.
7. Use independent and reliable third parties to analyze and understand local power structures. Developing or working with Global Compact Local Networks may contribute to this process.

CHALLENGE

International attention to business activities in conflict-affected and high-risk areas may increase a company's reputational risks. It can create a space for outsiders (advocacy groups, politicians, criminal elements) to gather popular support against the company, cause an unstable working environment and generate negative international press.

Guidance point #3: Companies are encouraged to engage proactively with relevant civil society organizations and international organizations.

Explanatory Note

Companies are encouraged to develop an inclusive and participatory engagement strategy related to their activities with a broad, rather than narrow, representation of local civil society and to:

1. Take collective action. Work with Local Global Compact Networks to contribute to local solutions.
2. Engage with independent and informed third parties to communicate the company's business principles, values, and commitment to UN Global Compact Principles.

CHALLENGE

Insufficient or late engagement with local communities may heighten security risks for business activities. Taking an outcome-focused approach towards engagement, rather than a participatory and inclusive process, may cause people to feel that they have not been consulted on matters that affect their lives. An increase in tensions between the company and community may escalate into obstructive behavior against the company, and a possible shutdown of business activities.

Guidance Point #4: Companies are encouraged to promote and take action towards constructive and peaceful company-community engagement.

Explanatory Note

With a view to approaching communities as partners in preventing and managing conflict, rather than automatically treating them as a risk factor, companies are encouraged to:

1. Identify constructive leaders who advocate a non-violent approach.
2. Focus on engagement as a transparent, open and ongoing "consultative" process aimed at meeting both stakeholders' and company's needs, instead of viewing it as a "negotiated" process.
3. In partnership with stakeholders, clearly define goals, desired outcomes, and mutual expectations regarding communication, relationship building, and respectful engagement.
4. Recognize that the importance of non-tangibles like building trust, respect and a sense of neighborliness are as important as material benefits the company may have to contribute.
5. Work with reliable independent third parties who can provide disinterested input.

STAKEHOLDER ENGAGEMENT AND RISK MANAGEMENT

Issue – A company sought a project in Latin America amidst a regional conflict, and some were calling for a corporate policy of isolation and silence. Minimizing contact with feuding communities was one possible risk-mitigation strategy.

Approach – Isolation was judged to be the riskiest approach and the company actively sought ways to maximize contact with local communities to: a) be better informed about the exact nature of the risks and threats to corporate activities, and b) use the friendly reputation the company had within the community as a means to minimize risk, both through the influence communities had over illegal armed groups (both guerilla groups and paramilitary groups), as well as being warned by the community about possible threats. The community engagement strategies that the company employed included:

1. Gathering knowledge of the political operating environment by employing experienced community affairs staff and working closely with the communities.
2. Obtaining knowledge and understanding of the direct and indirect impacts of corporate activities, including security, economic, cultural, and social impacts.
3. Senior management of the company were entirely local, enabling, in this context, an alignment of the personal values of its staff with the business objectives of the company.

Result – Stakeholder-focused management systems and a concerted effort to be "part of the community" provided the company with the social capital that has become fundamental to operating successfully in this conflict-affected area.

Strategic Social Investment

Strategic Social Investment refers to the voluntary, and sometimes legally mandated, financial contributions by companies. They can help local communities and broader societies achieve their development priorities and create sustainable opportunities in ways that are sustainable and aligned with strategic business objectives. Social investment does not include resources spent on core business activities such as local hiring, contracting, waste management, or land compensation. Core business activities, however, can be leveraged in a socially beneficial way to complement social investments.

Opportunities

Companies, no matter the size, may have the opportunity to deliver long-lasting programmes that benefit local and regional communities when social investment is strategically aligned with core business activities. Proactive community consultation and strategic planning may serve as a means to bring conflicting groups together rather than exacerbate existing tensions and divisions. It can also help companies to gain political support among local communities for business activities. Development of new enterprises and of independent and sustainable economic activity should be a major goal of such strategic investment.

CHALLENGE

The manner in which benefits are distributed may create competition for resources inside the community. Resentments over resource distribution can potentially create tensions between communities that may jeopardize the security of a company's business activities.

Guidance Point #1: Companies are encouraged to establish strategic social investment programmes built on existing capacities as a component of, not a substitute for, local stakeholder engagement and consultation.

Explanatory Note

With a view to utilizing ongoing stakeholder engagement as a method to inform design and development of social investment projects in conflict-affected and high-risk areas, companies are encouraged to:

1. Define "fair benefits distribution" through stakeholder forums.
2. Ensure, to the extent possible, that benefits are reasonably distributed across communities, not only to host communities, which can exacerbate tensions or competition.
3. Decrease "incentives" for local groups to behave in a violent manner in obtaining company resources and projects.

CHALLENGE

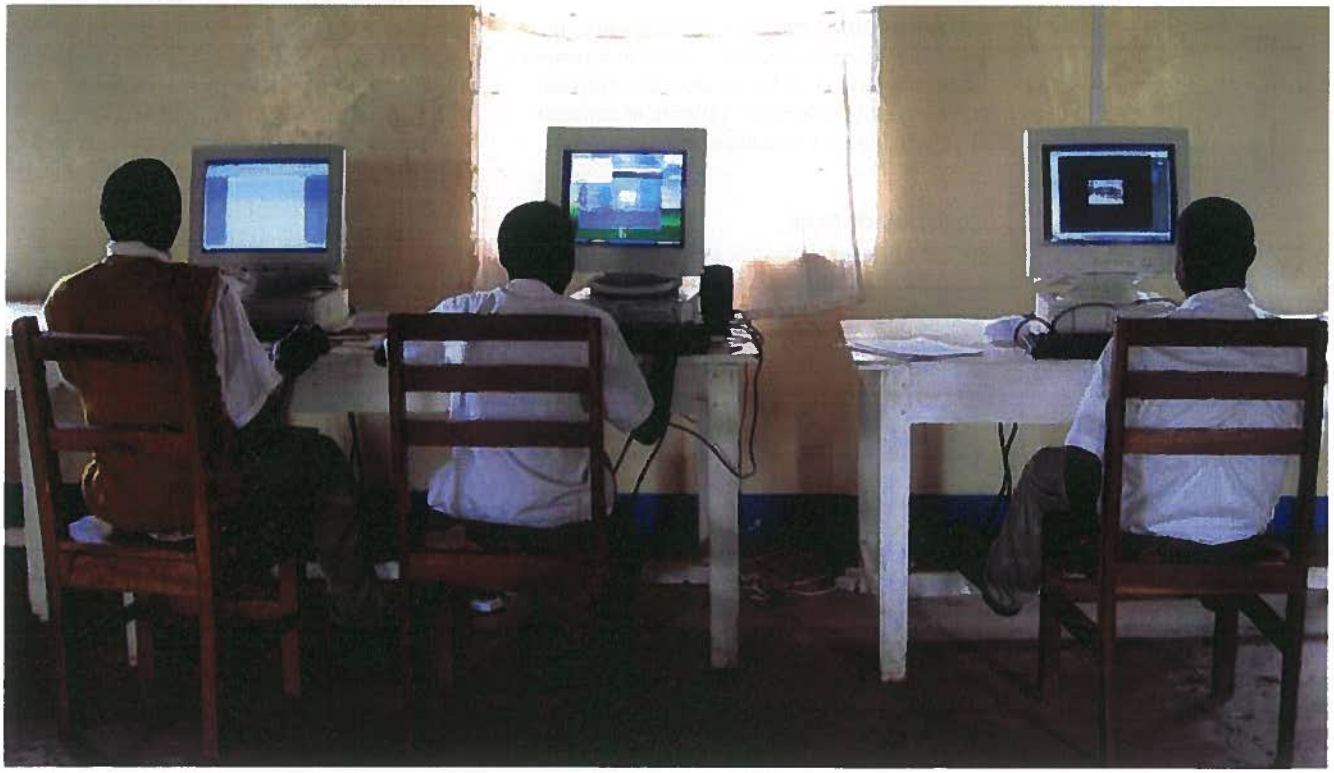
Failing to implement a strategic social investment plan may cause a waste of company resources. Social investment projects that are not aligned with core business strategy and competencies may cause the company to undertake activities in which it has limited expertise and knowledge. This can create mounting expenditures on social investment and reduce the likelihood of success.

Guidance Point #2: Companies are encouraged to employ the same rigor in developing social investment strategies as in other aspects of business operations.

Explanatory Note

Companies are encouraged to execute a planned (not ad-hoc) social investment strategy that takes into account their social impacts, with clear and measurable indicators on the likelihood of increasing or decreasing conflict. With a view to doing so, they are encouraged to:

1. Clearly define objectives that are linked to the conflict-specific business case and link the strategy to other company processes.



2. Take an approach that builds on shared common goals and involves the active participation and commitment of both local communities and the government.
3. Avoid providing free social services, thus ensuring that social investment is strengthening local capacity rather than substituting for government.
4. Employ existing standards and guidance on social investment, such as the Principles for Social Investment (PSI).

CHALLENGE

Failing to achieve long-term sustainable development may reduce a company's return on social investment as well as damage the financial bottom line. If communities are not involved in the identification and development of projects or feel no ownership, social investment efforts will have no long-term impacts, and yield little goodwill for the company. In a conflict-affected or high-risk area, this may increase the perception that the company does not care about the community and could make it a target for obstructive action.

Guidance Point #3: Companies are encouraged to implement strategic social investment as an independent activity, separate from the company's obligations to mitigate or compensate for its operations' impacts.

Explanatory Note

Social investment should be viewed as a complement to, not a substitute for, a conflict-sensitive approach to company's core business operations. In this perspective, companies are encouraged to:

1. Ensure that their social investment strategy is designed around the specific local context, taking into account aspects of the conflict-affected or high-risk area.
2. Develop risk mitigation strategies and policies that specifically address social investment programmatic impacts.
3. Demonstrate transparency, equity and fairness in decision making processes so as not to increase perceptions of corruption, favoritism, or competition.

CHALLENGE

Providing basic services may undermine the government's role. A lack of exit strategy may also place greater resource demands and expectations on business. A company-driven social investment approach undertaken in isolation from the government can become a substitute for government responsibilities, undermine the government's legitimacy in the eyes of its constituencies, and place greater expectations on the company. Unsustainable projects — especially the provision of free services in conflict-affected or high risk areas — can, over time, become a perceived entitlement for local stakeholders, creating recurrent expenditures for the company.

Guidance Point #4: Companies are encouraged to ensure that social investment projects are sustainable and not replacing services which should be provided by the government.

Explanatory Note

Companies are encouraged to design all social investments, no matter the project time frame, with a clear exit strategy, accounting for a community hand-over plan, no free service provision and a blueprint for continued activity without financial input from the company. In doing so, companies are encouraged to:

1. Take into consideration the long-term impacts of a social investment strategy as a method to gauge sustainability of projects.
2. Define how social investment projects will contribute to the company's strategy of managing its impacts on local communities and support sustainable development.
3. Ensure that social investment efforts build on, rather than replace, existing capacities.
4. Work directly with the central and local government to ensure that social investment strategies are in line with regional and local community development plans.
5. Develop an exit strategy in conjunction with local communities, local civil society and local and national government, to ensure that social investment projects can be successfully handed off and taken over by other parties including local and national governments.

STAKEHOLDER CONSULTATION FOR STRATEGIC SOCIAL INVESTMENT

Issue – A major oil and gas project in Africa was threatening to trigger violence between communities (with the risk of evolving into a company-community conflict) over employment, contracts and community projects.

Approach – It was widely known that an exclusive focus on the nearby community would lead to further violent conflict instigated by those who felt left out. Instead, the company brought in an independent mediator to negotiate a benefit distribution agreement between all communities based on 1) population size, 2) ancestral ownership, and 3) disruption they would experience during construction due to proximity.

Negotiations took place at three levels: 1) consultation with traditional rulers, 2) establishing principles of negotiations with three dominant communities, and 3) final negotiations with all stakeholders including all communities, the company, government representatives and contractors.

Result – The project was implemented without any conflict between communities or with the company. The project was completed with zero down days due to community unrest.

Summary of Guidance Points

CORE BUSINESS

Guidance Point #1: 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. They are encouraged to adapt existing due diligence measures to the specific needs of conflict-affected and high-risk contexts.

Guidance Point #2: Companies are encouraged to make a commitment to addressing grievances and disputes constructively and proactively through dialogue and by having grievance and dispute settlement mechanisms that allow affected parties to raise problems with the company with a clear process for discussion and resolution.

Guidance Point #3: Companies are encouraged to 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.

Guidance Point #4: 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.

Guidance Point #5: Companies are encouraged to carefully monitor their business relations, transactions as well as flows of funds and resources and to 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. In so doing, companies can help to ensure that they are not providing funding or support to armed actors who may benefit from revenues generated by the sale of such goods and resources.

Guidance Point #6: Companies are encouraged to 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.

GOVERNMENT RELATIONS

Guidance Point #1: 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.

Guidance Point #2: Companies are encouraged to take all necessary measures to avoid complicity in human rights violations by government actors in relation to all aspects of the company's operations.

Guidance Point #3: Companies are encouraged to 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.

LOCAL STAKEHOLDER ENGAGEMENT

Guidance Point #1: 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.

Guidance Point #2: In the context of existing inter- and intra-group tensions, companies are encouraged to take a broad and inclusive approach towards stakeholder engagement.

Guidance point #3: Companies are encouraged to engage proactively with relevant civil society organizations and international organizations.

Guidance Point #4: Companies are encouraged to promote and take action towards constructive and peaceful company-community engagement.

STRATEGIC SOCIAL INVESTMENT

Guidance Point #1: Companies are encouraged to establish strategic social investment programmes built on existing capacities as a component of, not a substitute for, local stakeholder engagement and consultation.

Guidance Point #2: Companies are encouraged to employ the same rigor in developing social investment strategies as in other aspects of business operations.

Guidance Point #3: Companies are encouraged to implement strategic social investment as an independent activity, separate from the company's obligations to mitigate or compensate for its operations' impacts.

Guidance Point #4: Companies are encouraged to ensure that social investment projects are sustainable and not replacing services which should be provided by the government.

Acknowledgements

The Global Compact Office would like to express its gratitude to the members of the "Expert Group on Responsible Investment in Conflict-Affected Areas" for their invaluable advice and support throughout the process that led to this publication. A special thank you to the Chair of the group and Vice-Chair of the Global Compact Board, Sir Mark Moody Stuart. His outstanding contribution and involvement was instrumental in the development of this guidance. We are also grateful for the excellent collaboration with the Principles for Responsible Investment (PRI), especially Ms. Valeria Piani from the PRI Secretariat, for her input and suggestions throughout the process. Without her efforts this joint Global Compact-PRI product would not have been possible. A very special thank you is extended to Ms. Karen Ballentine (Independent Consultant), Ms. Dost Bardouille-Crema (CDA Collaborative Learning Projects — Corporate Engagement Project), Ms. Nicola Black (Research Consultant), Ms. Canan Gündüz and Ms. Ulrike Joras (International Alert) and Ms. Melany Grout (Conflict Risk Network) who all went above and beyond in contributing to the development of this guidance. Their enthusiasm and expertise were invaluable.

We would like to thank the Global Compact Local Networks in China, Colombia, India, Japan, Sudan and Turkey as well as the Global Compact Inter-Agency team for their input and suggestions. We wish to thank members of the Global Compact Human Rights Working Group and the Global Compact Anti-corruption Working Group as well as all Global Compact participants who shared their views and provided valuable contributions. We are also thankful to those who participated in the events in Istanbul, New York, Khartoum and Tokyo (participanys' lists are available from *http://www.unglobalcompact.org/Issues/conflict_prevention/meetings_and_workshops.html*).

Finally, the Global Compact Office would like to extend a special thank you to the Swiss Government, Swiss Agency for Development and Cooperation, who made the publication of this guidance possible.

4
Mr. Philip Lamieu

List of Expert Group Members

Chair

UN Global Compact Board	*Sir Mark Moody-Stuart, Vice Chair*

Company Representatives

ABB Ltd.	*Mr. Ron Popper, Head of Corporate Responsibility*
AngloGold Ashanti	*Ms. Jessica van Onselen, Senior Officer, Sustainability*
Alstom	*Mr. Dominique Jaoul, Corporate Responsibility Director*
ArcelorMittal	*Ms. Charlotte Wolff, Corporate Responsibility Manager*
BP International Ltd	*Ms. Elisabeth Wild, Social Performance Adviser*
China Development Bank	*Mr. Xuchen Sun, Deputy Director*
China Development Bank	*Ms. Xia Wang, Project Manager*
China Development Bank	*Ms. Yuan Wang, Director General*
China Development Bank	*Ms. Hong Zhou, Project Manager*
China National Offshore Oil Corporation (CNOOC)	*Mr. Tian Xu Duan, Overseas Manager*
China National Offshore Oil Corporation (CNOOC)	*Mr. Bing Ma, Public Relations Coordinator*
China National Offshore Oil Corporation (CNOOC)	*Mr. Xue Fei Ren, Corporate Social Responsiblity Coordinator*
China National Offshore Oil Corporation (CNOOC)	*Mr. Bo Xue, Chief, Health, Safety and Environment*
China National Petroleum Corporation (CNPC)	*Ms. Weijiang Liu, Director of International Department*
China National Petroleum Corporatation (CNPC)	*Ms. Wang Wei, Senior Representative*
CNPC International (Nile) Limited	*Mr. Qifeng Han, General Office Manager*
CNPC International (Nile) Limited	*Mr. Anjiang Qin, Vice President of Great Nile Company Ltd*
Holcim Ltd	*Ms. Barbara Dubach, Head, Corporate Social Responsibility*
Oil and Natural Gas Corporation, Ltd.	*Mr. Arbindoo Kumaria, Advisor to the Chairman and Managing Director*
Pacific Rubiales	*Mr. Jorge Alfredo Rodriguez, CSR Manager*
PricewaterhouseCoppers	*Ms. Shannon Schuyler, Corporate Responsibility Manager*
Royal Dutch Shell plc.	*Mr. Richard Dion, Policy and External Relations Adviser*
Royal Dutch Shell plc.	*Mr. Andrew Vickers, Head, Policy and External Relations*
Schlumberger	*Ms. Johana Dunlop, Global Citizenship Affairs Manager*
Siemens	*Mr. Daniel Kronen, Senior Manager, Corporate Responsibility*
Sinopec	*Mr. Jack Fang, Investor Relation Representative*
Sinopec	*Mr. Huang Wensheng, Director-General and Spokesman*
Sumitomo Chemical Company	*Mr. Hisaka Netsu, Manager, Corporate Social Responsibility Team*
Sri Lanka Institute of Nanotechnology	*Mr. Ravi Fernando, Chief Executive Officer*
Standard Chartered Bank	*Ms. Marianne Mwaniki, Senior Sustainability Manager*
Talisman	*Mr. Reg Manhas, Vice President*
Total	*Ms. Laure Armandon, Legal Counsel*

Total	*Ms. Marie Capitaine, Compliance and Corporate Social Responsiblity*
Total	*Mr. Bernard Claude, Chairman, The Ethics Committee*
The Coca-Cola Company	*Mr. Afzaal Malik, Vice President, International Government Relations*
The Coca-Cola Company	*Ms. Marika McCauley Sine, Corporate Responsibility Manager*
Veolia Environnement	*Ms. Pauline Danel, Special Advisor*
Veolia Environnement	*Mr. Dominique Heron, Vice President, Partnerships*

Investors

Albright Stonebridge Group	*Ms. Brandon Berkeley, Director*
APG All Pensions Group	*Ms. Anna Pot, Senior Sustainability Specialist, Global Real Estate Asset Management*
All Tomorrow's Parties (ATP)	*Ms. Susanne Birgitte Pedersen, Analysis, Strategy and Social Responsibility Investment*
AVIVA	*Mr. Neil Brown, Social Responsible Investment Analyst*
Batirente	*Mr. Francois Meloche, Extrafinancial Risk Manager*
BC Investment Management Corporation (bcIMC)	*Ms. Susan Enefer, Manager, Shareholder Engagement*
CalSTRS	*Ms. Janice Hester Amey, Portfolio Manager*
CalSTRS	*Mr. Philip Larrieu, Investment Officer, Corporate Governance*
CalPERS	*Mr. Bill McGrew, Portfolio Manager, Corporate Governance*
Calvert	*Mr. Bennett Freeman, Senior Vice President, Social Research and Policy*
Ethix SRI Advisors	*Ms. Anna Massarsch, Research Coordinator*
Ethix SRI Advisors	*Ms. Reinhilde Weidacher, Research Coordinator*
Experts in Responsible Investment Solutions (EIRIS)	*Ms. Nadia Laine, Senior Client Relationship Manager*
ES Global Solutions	*Mr. Marc de Sousa-Shields, Managing Partner*
F&C Asset Management	*Ms. Anna Krutikov, Director, Governance & Sustainable Investment*
GES Investment Services	*Ms. Hanna Roberts, Research Manager*
Hermes Fund Management, Ltd	*Mr. June Choi, Hermes Fund Managers, Hermes Equity Ownership Service*
Hermes Fund Management, Ltd	*Ms. Mais Hayek, Assistant Manager, Hermes Equity Ownership Service*
Hermes Fund Management, Ltd	*Ms. Naheeda Rashid, Manager, Hermes Equity Ownership Service*
Interfaith Center on Corporate Responsibility (ICCR)	*Mr. Gary Browse, Director*
JMR Portfolio Intelligence	*Mr. John Richardson, Chief Executive Officer*
Mn Services	*Mr. Kris Douma, Head of Responsible Investment & Active Ownership*

Norwegian Government Pension Fund	*Ms. Pia Rudolfsson Goyer, Senior Advisor*
Norwegian Government Pension Fund	*Ms. Valborg Lie, Senior Advisor*
Norwegian Government Pension Fund	*Ms. Trude Myklebust, Senior Advisor*
Northwest & Ethical Investments	*Ms. Jennifer Coulson, Manager, Shareholder Action Program*
New Zealand Superannuation Fund	*Ms. Anne-Maree O'Connor, Head of Responsible Investment*
PGGM	*Ms. Saskia van den Dool, Responsible Investment Advisor*
Robeco	*Ms. Lara Yacob, Senior Engagement Specialist*
Sustainalytics	*Ms. Andrea Van Dijk, Sustainability Analyst*
Sustainalytics	*Mr. Darragh Gallant, Director, US Operations*
Standard Life Investments	*Ms. Julie McDowell, Head of Social Responsibility Investment*
TIAA-CREF	*Mr. John Wilson, Director, Corporate Governance*
Trucost	*Mr. Cary Krosinsky, Vice President*

Experts, Civil Society Representatives, and International Organizations

Beijing Rongzhi Corporate Social Responsibility Research Institute	*Ms. Ying Chen, Director*
Beijing Rongzhi Corporate Social Responsibility Research Institute	*Mr. Xiaoguang Wang, Deputy General Manager*
Business for Social Responsibility	*Mr. Doug Bannerman, Senior Manager, Advisory Services*
Business for Social Responsibility	*Mr. Michael Oxman, Director, Energy & Extractives*
CDA Collaborative Learning Projects	*Ms. Dost Bardouille-Crema, Project Director, Corporate Engagement Project*
CDA Collaborative Learning Projects	*Mr. Luc Zandvliet, Advisor, Corporate Engagement Project*
Conflict Risk Network	*Ms. Melany Grout, Director*
Conflict Risk Network	*Mr. Adebiyi Odegbile, Analyst*
Control Risks	*Mr. John Bray, Director*
Danish Institute for Human Rights	*Mr. Mike Baab, Analyst*
Extractive Industries Transparency Initiative (EITI)	*Mr. Jonas Moberg, Director*
Friends of the Earth	*Ms. Adina Matisoff, China Sustainable Finance Campaigner*
FAFO	*Ms. Marion Marmorat, Researcher*
FAFO	*Ms. Anne Lene D. Sandsten, Managing Director, FAFO AIS*
Federal Department of Foreign Affairs (FDFA), Swiss Agency for Development and Cooperation (SDC)	*Ms. Segolene Adam, Adviser, Post-Conflict Transition, Recovery and Peace-Building, Global Institutions Divisions*
Federal Department of Foreign Affairs (FDFA), Swiss Agency for Development and Cooperation (SDC)	*Mr. Markus Eggenberger, Programme Manager*
Global Compact Local Network Sudan	*Ms. Lena Mahgoub, Advisor*
Global Compact Local Network Sudan	*Ms. Malak Abubakr, Advisor*
Global Compact Local Network Colombia	*Ms. Diana Chávez, Director*
Global Witness	*Ms. Seema Joshi, Legal Advisor, Ending Impunity*

Independent Consultant	*Ms. Karen Ballentine*
Institute for Economics and Peace	*Mr. Steve Killelea, Founder*
Institute for Economics and Peace	*Ms. Camilla Schippa, Director*
International Alert	*Ms. Canan Gündüz, Senior Programme Officer*
International Alert	*Ms. Ulrike Joras, Senior Programme Officer*
International Business Leaders Forum (IBLF)	*Ms. Désirée Abrahams, Programme Manager*
International Business Leaders Forum (IBLF)	*Mr. Graham Baxter, Acting CEO*
International Business Leaders Forum (IBLF)	*Mr. Steve Kenzie, Senior Programme Coordinator*
International Council on Mining & Metals (ICMM)	*Ms. Kathryn McPhail, Senior Programme Director*
International Committee of the Red Cross (ICRC)	*Mr. Claude Voillat, Economic Advisor*
Institute for Human Rights and Business	*Mr. Salil Tripathi, Policy Director*
International Finance Corporation (IFC)	*Mr. James Emery, Principal Strategy Officer, Sub-Saharan Africa*
International Finance Corporation (IFC)	*Ms. Debra Sequeira, Senior Development Specialist*
International Petroleum Industry Environment Conservation Association (IPIECA)	*Ms. Hannah Buckley, Senior Project Manager*
Keiai University	*Ms. Mariko Shoji, Professor of International Studies*
Mitsubishi Research Institute, Inc.	*Mr. Shinichi Mizuta, Senior Policy Analyst*
SRSG on Human rights and Transnational Corporations and other business enterprises	*Mr. Gerald Pachoud, Special Advisor*
Stanford University	*Mr. Chip Pitts, Professor*
TRACE International, Inc.	*Ms. Alexandra Wrage, President*
Organisation for Economic Co-operation and Development (OECD)	*Ms. Lahra Liberti, Advisor on International Investment Law*
Osaka University	*Mr. Toshiya Hosino, Professor*
Outcrop	*Mr. Nicholas Taylor, Principal*
Principles for Responsible Investment	*Ms. Valeria Piani, Clearinghouse Manager*
Permanent Mission of Switzerland to the United Nations	*Mr. Marco Rossi, Counselor*
Research Consultant	*Ms. Nicola Black*
Scottish Human Rights Commission	*Mr. Alan Miller, Chair*
UN Development Programme, Bureau for Crisis Prevention and Recovery	*Mr. Bartholomew Armah, Senior Policy Advisor, Central Strategy and Policy Cluster*
UN Development Programme, Private Sector Division	*Mr. Henry Jackelen, Director*
UN Development Programme, Private Sector Division	*Mr. Casper Sonessen, Policy Advisor*
University of Hong Kong	*Mr. Ian Holliday, Dean of Social Sciences*
University of Maryland	*Ms. Virginia Haufler, Professor, Department of Governments*
University of Tokyo	*Mr. Kasunobu Sato, Professor*
United Nations University	*Mr. Tatsuro Kunugi, Visiting Professor*

Annex

1. Further resources on specific Guidance Points

CORE BUSINESS

Guidance Point #1:

- "Business Guide for Conflict Impact Assessment & Risk Management," UN Global Compact, available at *http://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/Business-Guide.pdf*
- "Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones," the Organisation for Economic Co-operation and Development, available at *http://www.oecd.org/dataoecd/26/21/36885821.pdf*
- "Guide to Operating in Areas of Conflict for the Oil & Gas Industry," International Petroleum Industry Environmental and Conservation Association, available at *http://www.ipieca.org/activities/social/social_publications.php#4*
- "Guide to Human Rights Impact Assessment and Management," UN Global Compact, with the International Finance Corporation and International Business Leaders Forum, available at *http://www.guidetohria.org*
- "Conflict-Sensitive-Business Practice: Guidance for Extractive Industries," International Alert, available at *http://www.international-alert.org/pdf/conflict_sensitive_business_practice_section_1.pdf*
- The UN Global Compact's Principles 7, 8 and 9 provide further guidance on environmental issues: *http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/environment.html*
- "Protect, Respect and Remedy: a UN Framework for Business and Human Rights" A/HRC/8/5, 2008 and "Business and Human Rights: Further steps toward the operationalization of the "protect, respect and remedy "framework"", A/HRC/14/27 2010: reports of the UN Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie, available at *http://www.business-humanrights.org/SpecialRepPortal/Home*

Guidance Point #2:

- "Good Practice Note: Addressing Grievances from Project-Affected Communities," International Finance Corporation, available at *http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_GPN_Grievances*
- The website of the IFC's Compliance Advisor Ombudsman: *http://www.cao-ombundsman.org*
- "Handling and Resolving Local-Level Concerns and Grievances," International Council on Mining and Minerals, available at *http://www.icmm.com/page/15822/icmm-presents-new-guidance-note-on-handling-and-resolving-local-level-concerns-and-grievances*
- "Grievance Mechanisms for Business and Human Rights Strengths, Weaknesses and Gaps," John F. Kennedy School of Government, Harvard University, available at *http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_40_Strengths_Weaknesses_Gaps.pdf*
- Rights Compatible Grievance Mechanisms — A Guidance Tool for Companies and Their Stakeholders," John F. Kennedy School of Government, Harvard University, available at *http://www.hks.harvard.edu/m-rcbg/CSRI/publications/Workingpaper_41_Rights-Compatible%20Grievance%20Mechanisms_May2008FNL.pdf*
- "Embedding Rights-Compatible Grievance Procedures for External Stakeholders Within Business Culture," John F. Kennedy School of Government, Harvard University, available at *http://www.hks.harvard.edu/m-rcbg/CSRI/publications/report_36_sherman_grievance.pdf*
- "Protect, Respect and Remedy: a UN Framework for Business and Human Rights" A/HRC/8/5, 2008 and "Business and Human Rights: Further steps toward the operationalization of the "protect, respect and remedy "framework"", A/HRC/14/27 2010: reports of the UN Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie, available at *http://www.business-humanrights.org/SpecialRepPortal/Home*

Guidance Point #3:

- The UN Global Compact's Principles 1 and 2 provide further guidance: *http://www.unglobalcompact.org/Issues/human_rights/Tools_and_Guidance_Materials.html*
- "The Labour Principles of the United Nations Global Compact: A Guide for Business," UN Global Compact, available at *http://www.unglobalcompact.org/issues/Labour/Tools_Guidance_Materials.html*
- "Business and International Humanitarian Law: An Introduction to the Rights and Obligations of Business Enterprises under International Humanitarian Law," International Committee of the Red Cross, available at *http://www.icrc.org/web/eng/siteeng0.nsf/html/p0882*
- "Guide for Integrating Human Rights into Business Management," Business Leaders Initiative on Human Rights, UN Global Compact and Office of the United Nations High Commission for Human Rights, available from *http://www.integrating-humanrights.org/*
- The Swiss Initiative on Private Military and Security Companies, which aims to promote a 'Global Code of Conduct for Respect of Human Rights and International Law' in the global security industry, available at *http://www.dcaf.ch/privatisation-security/PSC_PMC-CoC_Draft_11.01.2010.pdf*

Guidance Point #4:

- "The Voluntary Principles on Security and Human Rights" available at *http://www.voluntaryprinciples.org*
- "Voluntary Principles Performance Indicators," International Alert available from *http://www.international-alert.org/pdf/Voluntary_Principles_on_Security_and_Human_Rights.pdf.*
- The "Red Flags", especially explanation and case examples under "Engaging Abusive Security Forces": at *http://www.redflags.info.*
- The World Bank, Multilateral Investment Guarantee Agency and Anvil Mining toolkit, available at *http://www.miga.org/documents/VPSHR_Toolkit_v3.pdf*

Guidance Point #5:

- "Supply Chain Sustainability. A Practical Guide to Continuously Improving Upstream Impacts by Applying the UN Global Compact Principles", Global Compact — Business for Social Responsibility, available at *http://www.unglobalcompact.org/Issues/supply_chain/index.html*
- "The Kimberley Process", further information available at *www.kimberleyprocess.com.*
- "The OECD Financial Action Task Force", further information available at *http://www.fatf-gafi.org.*
- "Conflict-Sensitive-Business Practice: Guidance for Extractive Industries, Flashpoint Issue on dealing with armed groups", International Alert, available at *http://www.iisd.org/pdf/2005/security_conflict_sensitive_business.pdf*
- The "Red Flags", explanation and case examples of "financing international crimes": *http://www.redflags.info.*

Guidance Point #6:

- The UN Global Compact's 10th Principle, provides further guidance available at *http://www.unglobalcompact.org/Issues/transparency_anticorruption/index.html*
- "The UN Global Compact Reporting Guidance on the 10th Principle" (2009) available at *http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf*
- "Anti-Corruption Instruments and the OECD Guidelines for Multi-National Enterprises," OECD, available at *http://www.oecd.org/dataoecd/0/33/2638728.pdf*
- The Extractive Industry Transparency Initiative (EITI): *http://eitransparency.org/*
- "Transparency International Integrity Pact": *http://www.transparency.org/global_priorities/public_contracting/integrity_pacts*
- "The Wolfsberg Anti-Money Laundering Principles for Private Banking", available at *http://www.wolfsberg-principles.com/privat-banking.html*
- "IMF Draft Guide on Resource Revenue Transparency", available at *http://www.imf.org/external/np/fad/2004/grrt/eng/guide.pdf*

GOVERNMENT RELATIONS

Guidance Point #1:

- "The Role of Local Business in Peacebuilding", the Berghof Research Centre for Constructive Conflict Management, available at *http://www.berghof-handbook.net/documents/publications/killick_etal_handbook.pdf*
- "How Business Can Encourage Governments to Fulfil their Human Rights Obligations", a Good Practice Note by the UN Global Compact's Human Rights Working Group, available at *http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/Governments&HumanRights_Good_Practice_Note.pdf*
- "Local Business, Local Peace", International Alert, available at *http://www.international-alert.org/peace_and_economy/index.php*

Guidance Point #2:

- The UN Global Compact's 2nd Principle provides further guidance: *http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/Principle2.html*
- The "Final Report of the ICJ Expert Legal Panel on Corporate Complicity in International Crime", available at *http://www.business-humanrights.org/Updates/Archive/ICJPaneloncomplicity*

Guidance Point #3:

- The UN Global Compact's 10th Principle provides further guidance: *http://www.unglobalcompact.org/Issues/transparency_anticorruption/index.html*
- The "UN Global Compact Reporting Guidance on the 10th Principle", (2009) available at *http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf*
- "Anti-Corruption Instruments and the OECD Guidelines for Multi-National Enterprises," OECD, available at *http://www.oecd.org/dataoecd/0/33/2638728.pdf*
- The Extractive Industry Transparency Initiative (EITI): *http://eitransparency.org/*

LOCAL STAKEHOLDER ENGAGEMENT

Guidance Point #1:

- "Performance Standards on Social and Environmental Sustainability," International Finance Corporation, available at *http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvSocStandards*
- "Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets," Overseas Development Initiative, available at *http://www.odi.org.uk/resources/download/1436.pdf*
- "Getting it Right: Making Corporate-Community Relations Work", Anderson, Mary B. and Luc Zandvliet, Sheffield, UK: Greenleaf Publishing, 2009.
- "Setting Up a Multi-Stakeholder Panel as a Tool for Effective Stakeholder Dialogue," UN Global Compact Human Rights Working Group, available at *http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/Stakeholder_Panels_Good_Practice_Note.pdf*

Guidance Point #2:

- "Conflict-Sensitive Business Practice: Guidance for Extractive Industries," International Alert, especially "Flashpoint 6: Dealing with Armed Groups," available at *http://www.international-alert.org/pdf/conflict_sensitive_business_practice_section_1.pdf*
- "Stakeholder Engagement: A Good Practice Handbook for Companies: Doing Business in Emerging Markets," International Finance Corporation, available at *http://www.odi.org.uk/resources/download/1436.pdf*
- "Stakeholder Consultation Issue Paper," CDA Collaborative Learning Project — Corporate Engagement Project, available at *http://www.cdainc.com/cdawww/pdf/issue/issue_paper_stakeholder_consultation_november_2004_Pdf.pdf*

Guidance Point #3:

- "Proactive Stakeholder Engagement: A Practical Guide for Companies and Stakeholders," CRS Europe, available at *http://www.csreurope.org/data/files/toolbox/Stakeholder_engagement.pdf*
- "Guide to Engaging with NGOs," Business for Social Responsibility, available from *http://commdev.org/files/1922_file_BSR_Guide_to_Engaging_NGOs.pdf*

Guidance Point #4

- "Getting it Right: Making Corporate-Community Relations Work", Anderson, Mary B. and Luc Zandvliet, (Sheffield, UK: Greenleaf Publishing, 2009)

STRATEGIC SOCIAL INVESTMENT

Guidance Point #1, #2, #3, #4:

- "Guide to Successful, Sustainable Social Investment for the Oil & Gas Industry", 2008 International Petroleum Industry Environmental and Conservation Association, available at *http://www.ipieca.org/activities/social/downloads/publications/SocialInvestmentGuide.pdf*
- "Strategic Community Investment Quick Guide", International Finance Corporation available at *http://www.ifc.org/ifcext/advisoryservices.nsf/Content/70040EB805511D33852576D600517C21?OpenDocument*
- "Sustainable Business and Peace: A Resource Pack on Corporate Responsibility for Small and Medium Enterprises," UN Global Compact, available at *http://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/Sustaining_Business_and_Peace.pdf*
- "Guide to Successful, Sustainable Social Investment for the Oil & Gas Industry", 2008, IPIECA, available at *http://www.ipieca.org/activities/social/downloads/publications/SocialInvestmentGuide.pdf*

2. General sources of information

AccountAbility
http://accountabilityaa1000wiki.net/
See, especially:
- "From Words to Action: The Stakeholder Engagement Manual": *http://www.accountability21.net/publications.aspx?id=904*
- "AA1000 Stakeholder Engagement Standard": *http://www.accountability.org/aa1000ses*

AlertNet (Thomson Reuters Foundation)
http://www.alertnet.org/
Humanitarian news network based around a website, aiming to keep relief professionals and the wider public up-to-date on humanitarian crises around the globe. The website is organized geographically as well as according to topic.

Berghof Research Centre for Constructive Conflict Management
http://www.berghof-center.org/std_page.php?LANG=e&id=13
See, especially:
- "The Role of Local Business in Peacebuilding": *http://www.berghof-handbook.net/documents/publications/killick_etal_handbook.pdf*

Business Leaders Initiative on Human Rights
http://www.integrating-humanrights.org/
See especially:
- "Guide for Integrating Human Rights into Business Management" Business Leaders Initiative on Human Rights, UN Global Compact and Office of the United Nations High Commission for Human Rights.

Business for Social Responsibility (BSR)
http://www.bsr.org/
See, especially:
- "Guide to Engaging with NGOs": *http://commdev.org/files/1922_file_BSR_Guide_to_Engaging_NGOs.pdf*

CDA, Collaborative Learning Projects
http://www.cdainc.com/cdawww/publication.php
See especially:
- "Getting it Right: Making Corporate-Community Relations Work", Anderson, Mary B. and Luc Zandvliet, (Sheffield, UK: Greenleaf Publishing, 2009)
- "Corporate Engagement Project. Stakeholder Consultation Issue Paper": *http://www.cdainc.com/cdawww/pdf/issue/issue_paper_stakeholder_consultation_november_2004_Pdf.pdf*
- "Corporate Engagement Project Framework": *http://www.youtube.com/watch?v=G0eBMpX9wIA*
- "Do No Harm: How AID Can Support Peace — Or War": *http://www.cdainc.com/cdawww/publication.php*

CSR Europe
http://www.csreurope.org/
See, especially:
- "Proactive Stakeholder Engagement: A Practical Guide for Companies and Stakeholders": *http://www.csreurope.org/data/files/toolbox/Stakeholder_engagement.pdf*

Danish Institute for Human Rights
http://www.humanrights.dk/
See, especially:
- "Country Risk Assessment Reports": *http://humanrightsbusiness.org/?f=country_risk*
- "Doing Business in High-Risk Human Rights Environments": *http://www.humanrightsbusiness.org/files/11111/file/doing_business_in_highrisk_human_rights_environments__180210.pdf*

Engineers Against Poverty
http://www.engineersagainstpoverty.org/
See, especially:
- "A Systemic Approach to Project Social Risk Management": *http://www.engineersagainst-poverty.org/_db/_documents/social_risk_management_briefing_note.pdf*

Extractive Industry Transparency Initiative
http://eitransparency.org/
Voluntary multi-stakeholder initiative bringing together companies, government, investors and civil society to improve transparency and accountability in the extractive sector with the purpose of reducing poverty, conflict and corruption frequently associated with the concept of the resource curse.

Global Network Initiative
http://www.globalnetworkinitiative.org/
Initiative formed by a multi-stakeholder group of companies, civil society organizations, investors and academics that aimed at negotiating and creating a collaborative approach to protect and advance freedom of expression and privacy in the ICT sector.

Heidelberg Institute on International Conflict Research
www.hiik.de/en/index_e.htm
Publishes a "Conflict Barometer" annually, which describes recent trends in conflict development, escalations, and settlements.

International Alert
http://www.international-alert.org/peace_and_economy
International Alert's work offers detailed policy and operational guidance, research, advisory and training services to companies operating in conflict-affected areas. See, especially:
- "Conflict-Sensitive-Business Practice: Guidance for Extractive Industries": *http://www.international-alert.org/pdf/conflict_sensitive_business_practice_section_1.pdf*
- "Local Business, Local Peace": *http://www.international-alert.org/peace_and_economy/index.php*
- "Conflict-Sensitive Business Practice: Engineering Contractors and their Clients": *http://www.international-alert.org/pdf/CSBP_Engineering_contrators_clients.pdf*
- "Conflict Sensitive Project Funding: Better Lending Practices in Conflict Prone States": *http://www.international-alert.org/pdf/CSBP_Finance_Lending_Conflict.pdf*
- "Voluntary Principles Performance Indicators": *http://www.international-alert.org/pdf/Voluntary_Principles_on_Security_and_Human_Rights.pdf*

International Commission of Jurists
http://www.icj.org/
See, especially:
- The "Final Report of the ICJ Expert Legal Panel on Corporate Complicity in International Crime", available at *http://www.business-humanrights.org/Updates/Archive/ICJPaneloncomplicity*

International Council on Mining and Minerals
http://www.icmm.com/
See, especially:
- "Handling and Resolving Local-Level Concerns and Grievances": *http://www.icmm.com/page/15822/icmm-presents-new-guidance-note-on-handling-and-resolving-local-level-concerns-and-grievances*
- "Community Development Toolkit": *http://www.icmm.com/page/629/community-development-toolkit*
- "Mining: Partnership for Development": *http://www.unglobalcompact.org/docs/issues_doc/Financial_markets/Zurich_Report_WhoCaresWins.pdf*

International Crisis Group
http://www.crisisgroup.org/home/index.cfm
NGO providing regular reports and briefing papers on conflict affected and conflict prone countries.

Institute for Economics and Peace
http://www.economicsandpeace.org
Non-profit research institute dedicated to developing the inter-relationships between business, peace and economic development. Products include the ground-breaking Global Peace Index.

International Finance Corporation
http://www.ifc.org/
See, especially:
- "Performance Standards on Social and Environmental Sustainability": *http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvSocStandards*
- "Stakeholder Engagement: A Good Practice Handbook for Companies: Doing Business in Emerging Markets,": *http://www.odi.org.uk/resources/download/1436.pdf*
- "Good Practice Note: Addressing Grievances from Project-Affected Communities": *http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_GPN_Grievances*
- "Strategic Community Investment Quick Guide": *http://www.ifc.org/ifcext/advisoryservices.nsf/Content/70040EB805511D33852576D600517C21?OpenDocument*
- The website of the IFC's Compliance Advisor Ombudsman: *http://www.cao-ombundsman.org*

International Labour Organization
http://www.ilo.org
See, especially:
- "The Labour Principles of the United Nations Global Compact. A Guide for Business": *http://www.ilo.org/public/libdoc/ilo/2008/108B09_260_engl.pdf*
- "Business and Decent Work in Conflict zones: A "Why?" and "How?" Guide": *http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_crisis/documents/publication/wcms_116628.pdf*

International Red Cross and Red Crescent
www.icrc.org
See, especially:
- "Business and International Humanitarian Law: An Introduction to the Rights and Obligations of Business Enterprises under International Humanitarian Law": *http://www.icrc.org/web/eng/siteeng0.nsf/html/p0882*

International Petroleum Industry Environment Conservation Association (IPIECA)
http://www.ipieca.org/
See, especially:
- "Guide to Operating in Areas of Conflict for the Oil & Gas Industry": *http://www.ipieca.org/activities/social/social_publications.php#4*
- "Guide to Successful, Sustainable Social Investment for the Oil & Gas Industry": *http://www.ipieca.org/activities/social/downloads/publications/SocialInvestmentGuide.pdf*

John F. Kennedy School of Government, Harvard University
http://www.hks.harvard.edu/
See, especially:
- "Grievance Mechanisms for Business and Human Rights Strengths, Weaknesses and Gaps": *http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_40_Strengths_Weaknesses_Gaps.pdf*
- "Rights Compatible Grievance Mechanisms — A Guidance Tool for Companies and Their Stakeholders": *http://www.hks.harvard.edu/m-rcbg/CSRI/publications/Workingpaper_41_Rights-Compatible%20Grievance%20Mechanisms_May2008FNL.pdf*
- "Embedding Rights-Compatible Grievance Procedures for External Stakeholders Within Business Culture": *http://www.hks.harvard.edu/m-rcbg/CSRI/publications/report_36_sherman_grievance.pdf*

Kimberly Process
http://www.kimberleyprocess.com/
Joint governments, industry and civil society initiative to stem the flow of rough diamonds used by rebel movements to finance wars against legitimate governments.

Organisation for Economic Co-operation and Development (OECD)
http://www.oecd.org/
See, especially:

- "Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones": *http://www.oecd.org/dataoecd/26/21/36885821.pdf*
- "The OECD Financial Action Task Force": *http://www.fatf-gafi.org*
- "Anti-Corruption Instruments and the OECD Guidelines for Multi-National Enterprises": *http://www.oecd.org/dataoecd/0/33/2638728.pdf*
- "Due Diligence for responsible supply chain management of minerals from conflict-affected and high-risk areas": *http://www.oecd.org/document/36/0,3343,en_2649_34889_44307940_1_1_1_1,00.html*

Red Flags
http://www.redflags.info/
Lists business practices which may result in legal liabilities for a company that operates in high-risk zones, including in conflict affected areas.

ReliefWeb
http://www.reliefweb.int/rw/dbc.nsf/doc100?OpenForm
Website providing timely information on humanitarian emergencies and natural disasters and run by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

Swiss Initiative on the Global Code of conduct for Private Security Companies and Private Military Companies
http://www.dcaf.ch/privatisation-security/PSC_PMC-CoC_Draft_11.01.2010.pdf
Code of conduct resulting from an active collaboration of members of the private security industry, the Swiss Department of Foreign Affairs, the Geneva Centre for the Democratic Control of Armed Forces (DCAF) and the Geneva Academy of International Humanitarian Law and Human Rights (ADH). It lays down international industry norms and standards for the provision of private security services.

United Nations Global Compact
http://www.unglobalcompact.org/
See, especially:

- The UN Global Compact Ten Principles in the areas of human rights, labour, the environment and anti-corruption: *http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html*
- "Business Guide for Conflict Impact Assessment & Risk Management" *http://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/BusinessGuide.pdf*
- "Guide to Human Rights Impact Assessment and Management" UN Global Compact, with the International Finance Corporation and International Business Leaders Forum, *http://www.guidetohria.org*
- "The Labour Principles of the United Nations Global Compact: A Guide for Business": *http://www.unglobalcompact.org/issues/Labour/Tools_Guidance_Materials.html*
- "Supply Chain Sustainability. A Practical Guide to Continuously Improving Upstream Impacts by Applying the UN Global Compact Principles", Global Compact — Business for Social Responsibility: *http://www.unglobalcompact.org/Issues/supply_chain/index.html*
- "The UN Global Compact Reporting Guidance on the 10th Principle" 2009 available at *http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf*

- "How Business Can Encourage Governments to Fulfil their Human Rights Obligations", a Good Practice Note by the UN Global Compact's Human Rights Working Group: *http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/Governments&HumanRights_Good_Practice_Note.pdf*
- "Setting Up a Multi-Stakeholder Panel as a Tool for Effective Stakeholder Dialogue," UN Global Compact Human Rights Working Group: *http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/Stakeholder_Panels_Good_Practice_Note.pdf*
- "Sustainable Business and Peace: A Resource Pack on Corporate Responsibility for Small and Medium Enterprises," UN Global Compact, available at *http://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/Sustaining_Business_and_Peace.pdf*
- "Who Cares Wins": *http://www.unglobalcompact.org/docs/issues_doc/Financial_markets/Zurich_Report_WhoCaresWins.pdf*
- The CEO Water Mandate: *http://www.unglobalcompact.org/Issues/Environment/CEO_Water_Mandate/*

UN Secretary-General' Special Representative on the issue of human rights and transnational corporations and other business enterprises:
http://www.business-humanrights.org/SpecialRepPortal/Home
See especially:

- "Protect, Respect and Remedy: a UN Framework for Business and Human Rights" A/HRC/8/5, 2008
- "Business and Human Rights: Further steps toward the operationalization of the "protect, respect and remedy "framework"", A/HRC/14/27 2010

Voluntary Principles on Security and Human Rights
http://www.voluntaryprinciples.org/
Guidance to companies operating in zones of conflict or fragile states so that they can ensure that security forces — public or private — protecting the companies' facilities operate in a way that protects the company's assets while respecting human rights and fundamental freedoms.

The World Bank
http://www.worldbank.org/
See, especially:

- World Bank MIGA and Anvil Mining: *http://www.miga.org/documents/VPSHR_Toolkit_v3.pdf*

World Resources Institute
http://www.wri.org/projects
See, especially:

- 'Development Without Conflict — the Business Case for Community Consent': *http://www.wri.org/publication/development-without-conflict*

PHOTO CREDITS

Cover	© The World Bank/Tomas Sennett, The World Bank/Scott Wallace
Page 5	© UN Photo/Mark Garten
Page 9	© The World Bank/Yosef Hadar, UN Photo/Logan Abassi
Page 11	© Komatsu Ltd./Atsushi Nagira
Page 14	© The World Bank/Curt Carnemark
Page 19	© The World Bank/Bill Lyons
Page 21	© UN Photo/Fred Noy
Page 25	© The World Bank/Julio Etchart, provided by Microsoft
Page 29	© The World Bank/Eric Miller
Page 30	© UN Global Compact Office
Page 31	© UN Global Compact Office
Page 39	© Manoocher Deghati/IRIN
Page 45	© IRIN

The Ten Principles of the United Nations Global Compact

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.

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.

ENVIRONMENT

Principle 7 Businesses are asked to 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.

Published by the UN Global Compact Office
Contact: unglobalcompact@un.org
Printed at United Nations, New York
June 2010 I 1.5M

51200
9 789211 046076