

# Peacebuilding Business Criteria Illustrated

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**For the PeaceNexus Foundation**

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## Introduction

The PeaceNexus Foundation aligns its investments to its overall purpose: improving the effectiveness of peacebuilding. PeaceNexus invests using Environment, Social and Governance (ESG) screenings, exclusion filters and microfinance products, and engages with companies to discuss their peacebuilding efforts. However, financial products specifically dedicated to its mission are lacking. This is why PeaceNexus set out to measure business contributions to peacebuilding in conflict-affected areas, as the basis of determining the universe of a peace investment fund. The Peace Investment Fund, launched in January 2018, has a global equity investment portfolio of listed multinational companies that impact positively on the stabilisation of conflict-prone countries.

As a first step on the way to measuring peacebuilding contributions by companies, PeaceNexus developed the [Peacebuilding Business Criteria \(PBBC\)](#).<sup>1</sup> The PBBC illustrate business-relevant peacebuilding activities around labour practices, local sourcing, community relations, governance issues, security measures, and products. Covalence, a specialist in ESG research, was mandated to: a) identify the most economically impactful companies active in fragile states; and b) develop a methodology to analyse and score their contributions to peacebuilding in fragile contexts based on the PBBC.

From 2015 to 2017, Covalence developed the [Peacebuilding Business Index \(PBBI\)](#) which measures and scores the peacebuilding contributions of companies. The PBBI ranks the 300 most economically impactful companies in fragile states according to their peacebuilding relevant activities.

This document shows examples of business activities that are considered as having a stabilising effect in fragile states because they contribute to key issues of peacebuilding such as promoting labour rights, fighting corruption, addressing land issues, improving transparency and accountability, and supporting livelihood of vulnerable groups. For this purpose, we made a non-exhaustive selection of good business practices that are in line with the PBBC.

The examples are organised according to the PBBC structure. There are two examples illustrating the cross-cutting principles of the PBBC, i.e. a) context analysis and monitoring through an extensive stakeholder consultation; and b) advocacy for a better business framework in collaboration with other companies. Subsequently, we put forward examples per issue area to illustrate peacebuilding-relevant activities related to Labour, Sourcing, Community Relations, Governance, Products, and Security.

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<sup>1</sup> Peacebuilding Business Criteria, PeaceNexus Foundation,  
<http://peacenexus.org/wp-content/uploads/2016/11/Peacebuilding-Business-Criteria-Short-version-9.16.pdf>

## Context Analysis and Monitoring

Context analysis and monitoring of fragile and conflict-affected situations is a major tool for company risk assessment and management.

In conflict-prone contexts, it is especially important to consider different sources and to consult with a maximum of stakeholders, including the non-informal ones, to gain understanding of what is happening around the business. Findings and conclusions should be regularly challenged. If a company has its channels for receiving regular inputs on possible risks including human rights issues, political manoeuvres and security problems, it can adapt to the dynamic and often unexpected manner fragile environments change.

### Peacebuilding Business Criteria

Key principles / keywords of context analysis and monitoring are:

- Stakeholder identification, analysis and engagement – **stakeholder engagement**
- Context issues identification and analysis (security situation, legal provisions, business framework and practice, conflict history, power relations etc.) – **context analysis**
- Corroboration of information through multiple sources – **multi-stakeholder consultation**

### *Context Analysis applied*

#### Adidas in Myanmar: Supplier Pre-production Assessments and Stakeholder Engagement

After five decades of military rule and isolation, Myanmar undertook reforms towards democracy in 2011. Most sanctions applied by Western governments were lifted, paving the way to foreign direct investments. Multinational companies started to establish supply chains in the country. In the meantime, serious human rights challenges remain and armed conflicts persist in the Kachin and Shan States.

From November 2014 to March 2015, the Business & Human Rights Resource Centre wrote to over 120 foreign companies investing or operating in Myanmar to ask them to publicly disclose details about their activities and human rights commitments<sup>2</sup>. Adidas was one of the surveyed companies. Here is what Adidas responded with regard to context analysis and monitoring (stakeholder engagement, context analysis, and multi-stakeholder consultation):<sup>3</sup>

<sup>2</sup> Myanmar Foreign Investment Tracking Project, Business & Human Rights Resource Centre, <https://business-humanrights.org/en/myanmar-foreign-investment-tracking-project>

<sup>3</sup> Response by Adidas Group: Myanmar Foreign Investment Tracking Project, Business & Human Rights Resource Centre, December 2014, <https://business-humanrights.org/en/response-by-adidas-group-myanmar-foreign-investment-tracking-project>

*“We conducted a two-year review and extensive stakeholder engagements (with the ILO, government agencies, and local NGOs) prior to allowing the sourcing of goods from the country. We also set up the necessary procedural checks to ensure that our business partners’ activities will not contribute to human rights impacts.*

*Our supplier pre-production assessments follow standard policies and guidelines, which cover fundamental labour and human rights concerns – forced labour, child labour, safety, etc. (...)*



Image source

*For Myanmar, supplementary procedures also apply. These require our suppliers to commission an independent party to review any proposed land acquisition, and consider community impacts, including displacement and livelihood issues.”*

Adidas’ stakeholder engagement in Myanmar was considered positively by the International Trade Union Confederation<sup>4</sup>: *“Adidas and Coca-Cola detailed not only their due diligence process prior to sourcing from Myanmar but also their ongoing engagement efforts. (...) Based on Adidas’ own and other sources, the company engaged with civil society groups, international human rights organisations, the ILO, local trade associations and the Myanmar government, including the Ministry of Labour.”*

<sup>4</sup> Foreign direct investment in Myanmar: What impact on human rights? International Trade Union Confederation, October 2015, <http://www.ituc-csi.org/IMG/pdf/ituc-burma.pdf>

## Advocacy

Advocacy is the second crosscutting principle of the PBBC. It calls on companies to collaborate with other actors of the same or different sectors in order to address common problems such as corruption, insecurity, lack of infrastructure, or unclear legal frameworks. The advocacy principle of the PBBC also refers to human rights promotion within and beyond value chains.

### Peacebuilding Business Criteria

A peacebuilding company proactively advocates for improved conditions that incentivize business activities and help society as a whole. The following advocacy principles can be applied to most issue areas. Key principles / keywords of advocacy are:

- Addressing divides between national and international standards – **promoting international business standards**
- Addressing needs of local populations – **promoting social and human rights**
- Building coalitions with private sector partners to improve the business framework (including anti-corruption efforts, promoting a functioning judiciary, fair labor conditions, transparency on contracting and taxes, fight red tape, promote security and safety, promote the respect for human rights, environmental standards, land claims etc.) – **building business peace coalitions**
- Addressing needs of local businesses (source locally, create business opportunities, train partners on their peacebuilding role, possibly protect local partners from politically motivated discrimination) – **supporting local economic actors**

### Advocacy applied

#### Retailers Lobbying the Cambodian Government to Promote Labour Rights

In January 2014, workers of the garment manufacturing industry in Cambodia organised public demonstrations to demand higher minimum wages. These protests were violently repressed by the police in the capital Phnom Penh. Four people were killed and over 20 taken prisoner.<sup>5</sup>

Brands such as Puma, Gap, H&M and Adidas searched for ways to exert pressure on the government to end such repression of collective bargaining activities.

A letter signed by 30 international garment brands and three international labour unions with operations within Cambodia was sent to the Prime Minister. *“The content included language (1) condemning the violence against protestors, (2) supporting the legal rights against detainees and (3)*

<sup>5</sup> Beyond Integrity - Exploring the role of business in preserving the civil society space, Charities Aid Foundation, September 2016, <https://www.cafonline.org/docs/default-source/about-us-publications/caf-beyondintegrityreport-web-oct16v2.pdf?sfvrsn=4>

*the freedom of association, (4) calling for the imposition of a legal framework for labour relations, and (5) encouraging the formalization of the minimum wage decision-making process.”*

The ILO’s Better Factories Cambodia Programme and the Ethical Trading Initiative facilitated meetings between the brands, government ministers, and the IndustriALL Global Labour Union. *“After a coordinated public commitment by retailers to stay in the country following substantial wage increases, the government eventually relented and raised the minimum wage by over 50% - to \$140/week.”*<sup>6</sup>

This case illustrates how private companies can partner with civil society organisations to promote human rights issues. In the words of the Dutch Minister for Foreign Trade and Development Cooperation, Lilianne Ploumen, *“Going beyond human rights in your own value chain is the next frontier in business and human rights. It means going beyond the standard set by the UN Guiding Principles.”*<sup>7</sup>



Image source

### Business Coalitions against Corruption

Another example of a business coalition is the Maritime Anti-Corruption Network (MACN) that was formalised in 2012 with the organisation “Business for Social Responsibility” (BSR) acting as its secretariat<sup>8</sup>. Companies such as AP Moller Maersk, Shell, Rio Tinto, and Total are members of this network.

*“To date, MACN has successfully partnered with Customs authorities in Nigeria and Indonesia to collaboratively implement a number of actions enhancing integrity and combating corruption risks in vessel and cargo clearance processes.”*<sup>9</sup>

In 2015 in Egypt, Siemens launched a project *“to foster a corporate anti-corruption ecosystem.”* The Integrity Network serves *“as a platform for all stakeholders, including small and medium-sized enterprises (SMEs), large corporations, civil society, academia and government to discuss the risks of corruption, exchange best practice, jointly work against corruption and to promote clean business and fair*



Image source

<sup>6</sup> Beyond Integrity - Exploring the role of business in preserving the civil society space, Charities Aid Foundation, September 2016, <https://www.cafonline.org/docs/default-source/about-us-publications/caf-beyondintegrityreport-web-oct16v2.pdf?sfvrsn=4>

<sup>7</sup> Speech minister Ploumen on international business and human rights, Government of the Netherlands, 19.04.2017, <https://www.government.nl/documents/speeches/2017/04/19/speech-minister-ploumen-on-international-business-and-human-rights>

<sup>8</sup> <http://www.maritime-acn.org>

<sup>9</sup> WCO News - Sweeping away corruption through collective action, World Customs Organization, June 2017, [http://www.wcoomd.org/-/media/wco/public/global/pdf/media/wco-news-magazines/wco\\_news\\_83.pdf?la=en](http://www.wcoomd.org/-/media/wco/public/global/pdf/media/wco-news-magazines/wco_news_83.pdf?la=en)

*market conditions in Egypt.*<sup>10</sup> Among partners of this project are the UN Global Compact and the Egypt Junior Business Association.

This commitment of Siemens in Egypt is part of its Global Integrity Initiative. This initiative is based on settlements between Siemens and the World Bank in 2009 and with the European Investment Bank (EIB) in 2013 following Siemens' acknowledged past involvement in corruption activities in countries such as Russia.<sup>11</sup>

## Labour

The PBBC address labour issues through the notion of inclusive hiring in the context of fragile and conflict-affected societies. The underlying assumption is that, by bringing people of different backgrounds (cultural, political, ethnic) into the same professional activity, a company can reduce the tension nurtured by such differences while contributing to local livelihood.

### Peacebuilding Business Criteria

Set and implement **inclusive hiring policies** that acknowledge and as best possible address divisions within society

- Explore diversity standards or affirmative action programs to ensure to include at-risk populations (minorities, women, unemployed youth, ex-combatants) into your workforce and to avoid as best possible that hierarchies within the company reflect existing divides within society
- Incorporate a preference for local recruitment into hiring policies to provide jobs in your neighborhood
- Hire insider mediators to deal with inter-group conflicts within the workforce

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<sup>10</sup> Siemens Integrity Initiative aid for anti-graft project, TradeArabia, 17.03.2015, [http://www.tradearabia.com/news/IND\\_277716.html](http://www.tradearabia.com/news/IND_277716.html)

<sup>11</sup> Siemens to pay \$100m to fight corruption as part of World Bank Group settlement, The World Bank, 02.07.2009, <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22234573~pagePK:34370~piPK:34424~theSitePK:4607,00.html>



***Inclusive Hiring applied***

**Cisco: Developing the IT Sector in Palestinian Territories**

In 2008, Cisco launched an initiative to contribute to the development of the IT sector in Palestinian Territories, pulling a 35-company coalition together with the stated goal of creating jobs for Arab tech workers.<sup>12</sup> For example, Microsoft Israel has hired Palestinian engineers in Ramallah, while Intel has trained Palestinians to create technology businesses with the help of Jewish trainers.<sup>13</sup> Intel also participates in the Palestinian Internship Program<sup>14</sup> together with companies such as Thomson Reuters and HP allowing young Palestinian professionals to develop their skills in the Israeli centers of multinational hi-tech companies.



Image source

According to John Chambers, the former CEO of Cisco who strongly believes in the peacebuilding potential of business in the Middle East: *“The way to end this conflict is to create a very large middle class and be inclusive in how you go after it across all individuals, regardless of age, religion or gender.”*

**Heineken: Inclusive Employment in Rwanda**

The Dutch brewing company Heineken owns 75% of Bralirwa, Brasseries et Limonaderies du Rwanda. In Rwanda, a civil conflict escalated into the 1994 genocide killing 800’000 people. According to a case study by the International Council of Swedish Industry, Bralirwa positively contributed to the disarmament and demobilisation process by providing job opportunities and supporting local businesses through subcontractors, by providing resellers with products, and by buying from local farmers.



Image source

*“Bralirwa functions as a forum in which former adversaries meet and work together, not only at its central facilities but also out in the country thanks to its large network of depots and resellers.”<sup>15</sup>*

<sup>12</sup> The Diplomat in the Corner Office: Corporate Foreign Policy, Timothy L. Fort, Stanford Business Books, 2015 <https://books.google.ch/books?id=OLNOCgAAQBAJ>

<sup>13</sup> Peace Through Profits? Inside The Secret Tech Ventures That Are Reshaping The Israeli-Arab-Palestinian World, Forbes, 24.07.2013, <http://www.forbes.com/sites/richardbehar/2013/07/24/peace-through-profits-a-private-sector-detente-is-drawing-israelis-palestinians-closer/#49f628f4797b>

<sup>14</sup> <http://www.palinternship.com>

<sup>15</sup> Private Sector Actors & Peacebuilding – A Framework for Analysis, Joel Andersson, Tobias Evers, Gunnar Sjösted, International Council of Swedish Industry, Swedish Institute of International Affairs, 2011, <https://www.ui.se/globalassets/ui.se-eng/publications/other-publications/private-sector-actors--peacebuilding.pdf>

## Sourcing

Sourcing is an important dimension of the Peacebuilding Business Criteria as it covers the whole supply chain of companies, from its potential to strengthen local economies to stabilisation of conflict-prone regions through their business relationships. “Local sourcing” is found in most ESG metrics. While the Peacebuilding Business Criteria also expect companies to strengthen the local economy by sourcing locally, they go a step beyond by emphasising the peacebuilding role suppliers can play through heightened due diligence procedures or awareness of the potential involvement of local partners in conflict issues.

### Peacebuilding Business Criteria

**Crosscutting principle:** Addressing needs of local businesses (source locally, create business opportunities, train partners on their peacebuilding role, possibly protect local partners from politically motivated discrimination) – **supporting local economic actors.**

**Sourcing:** Where appropriate, strengthen the local economy

- Explore opportunities to promote/support local businesses for your value chain
- Adapt due diligence procedures to your partners (including the assessment of their political affiliations, level of corruption, possible criminal connections, sectarian or ethnic affiliations, human rights history, and the extent to which they comply with international standards)
- Ensure your suppliers take measures to avoid sourcing of conflict-related resources (e.g. ‘conflict minerals’)

### *Conflict-free sourcing applied*

#### Intel: Sourcing Conflict-Free Minerals from within the DRC

The trade of tantalum, tin, tungsten and gold may directly or indirectly finance armed groups -- hence the expression “conflict minerals”. Intel is a pioneer in responsible mineral sourcing from the Democratic Republic of Congo (DRC) and neighbouring countries, and has adopted a detailed corporate policy in this regard.

Intel expects its suppliers to comply with the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Intel commits to being transparent in the implementation of this policy by making available progress reports to relevant stakeholders and the public.<sup>16</sup> While

<sup>16</sup><http://www.intel.com/content/dam/www/public/us/en/documents/corporate-information/policy-conflict-minerals>

avoiding the sourcing of minerals from DRC may bring moral comfort and lower reputation risks, it has a limited impact on the ground. Sourcing conflict-free minerals from the region should be preferred.

According to Mining the Disclosures 2016, a report produced by the Responsible Sourcing Network (RSN): *“Only a few companies in the sample group, mainly from the IT sector, carried the full burden of supporting in-region initiatives like artisanal or small-scale mining in the DRC region. For responsible mining to have a positive and significant impact on the region, many more companies must support and use legitimate, conflict-free minerals from the region.*



Image source

*Philips, for example, exercised its leverage over suppliers to source tin from the DRC, despite not sourcing there previously, and Intel has created a public campaign around the importance of sourcing conflict-free minerals from within the DRC, rather than embargoing.”<sup>17</sup>*

### Nestlé in Colombia: Supporting Local Business Partners during and after Armed Conflict

In Caquetá, Colombia, Nestlé operates milk condensing and cooling plants since 1978. In 2006, Nestlé bought milk from 2500 dairy farmers. This was the main source of legal income for the department, representing 40% of its GDP. At that time, the civil conflict peaked across parts of Colombia. Several trade-unionists were murdered by paramilitaries, such as Luciano Romero in 2005. The three paramilitaries involved have been found guilty of the crime. However, the Sinaltrainal trade union accused Nestlé of indirect responsibility. The company strongly refuted these allegations. A delegation of Swiss NGOs, Alliance Sud, *“did not collect any information attesting to complicity between Nestlé and the paramilitaries in relation to the assassinations and threats of which some employees who are members of Sinaltrainal have been victim.”<sup>18</sup>* In 2007, as Nestlé refused extortion, the FARC (left-wing guerrilla) bombed one of its plants and attacked a milk truck<sup>19</sup>. The FARC urged local farmers not to sell milk to the company.



<sup>17</sup> Mining the Disclosures 2016, Responsible Sourcing Network (RSN), [http://static1.1.sqspcdn.com/static/f/432032/27336225/1479320461620/MtD16\\_Executive\\_Summary-2016-RSN-Digital\\_v3.pdf?token=eU5uaWkXQhHkazEBbsyUU2rMVB8%3D](http://static1.1.sqspcdn.com/static/f/432032/27336225/1479320461620/MtD16_Executive_Summary-2016-RSN-Digital_v3.pdf?token=eU5uaWkXQhHkazEBbsyUU2rMVB8%3D)

<sup>18</sup> Dialogue between Alliance Sud and Nestlé - The case of Colombia, Alliance Sud, 15.07.2011, <http://www.alliancesud.ch/en/file/686/download?token=D-IXvIwF>

<sup>19</sup> How Colombia's Illegal Armed Groups Financed Themselves Through Extortion, Public Library of US Diplomacy, WikiLeaks, 27.07.2007, [https://wikileaks.org/plusd/cables/07BOGOTA5488\\_a.html](https://wikileaks.org/plusd/cables/07BOGOTA5488_a.html)

In August 2016, right after the peace agreement was signed between the Colombian government and the FARC, Nespresso announced the launch of “a coffee from Caquetá, a region heavily affected by the conflict, as a first step in its commitment to working in areas where 50 years of internal conflict has taken place.” The Grand Cru from Caquetá, Aurora de la Paz, was introduced as a Limited Edition in late 2016.<sup>20</sup>



Image source

Roberto Velez, CEO of the Federación Nacional de Cafeteros (FNC) said: “The investment by Nespresso into the Caquetá region is significant for our country and its coffee farmers. Our farmers produce some of the best coffee in the world, but the conflict has meant many have had to leave their farms and the small number who remained have only been able to produce a limited amount. Through our work with Nespresso, we will support the farmers who have remained and encourage those who were displaced to return. We also plan to follow the government’s plan to reintegrate into society and work life those who have participated in the conflict.”



The Aurora de la Paz coffee was quickly sold out. “Currently, the Colombian Government is focusing on bringing smallholders who have been displaced by the conflict back to their farms through a process of land use and distribution. (...) As we bring the farmers into our AAA Program and work with them to improve their production and the long-term sustainability of their farms, it is expected that the supplies of this coffee will increase.”<sup>21</sup>

Peter Brabeck-Letmathe, former President of Nestlé, summarised the initiative as follows: “From a business perspective, we are interested in helping to generate business and values in fragile areas.”<sup>22</sup>

<sup>20</sup> Nespresso launches post-conflict project in Colombia to offer sustainable means of income, Nestlé SA, 25.08.2016, <http://www.nestle-nespresso.com/media/mediareleases/nespresso-launches-post-conflict-project-in-colombia>

<sup>21</sup> Katherine Graham, Corporate Communications Manager, Nestlé Nespresso S.A., email interview 12.06.2017

<sup>22</sup> Nestlé lanzará en febrero Café Aurora de la Paz en respaldo al proceso de Colombia, La República, 18.01.2017, [http://www.larepublica.co/nextl%C3%A9-lanzar%C3%A1-en-febrero-caf%C3%A9-aurora-de-la-paz-en-respaldo-al-proceso-de-colombia\\_460811](http://www.larepublica.co/nextl%C3%A9-lanzar%C3%A1-en-febrero-caf%C3%A9-aurora-de-la-paz-en-respaldo-al-proceso-de-colombia_460811)

## Community Relations

In the world of Corporate Social Responsibility, community initiatives often describe philanthropic donations by companies in areas where they have operations, for example, building a school or a water well. It also covers employee volunteering, whereby a company’s employees give some of their time and expertise to local charities.

In the PBBC, the focus falls on how companies can create space for dialogue in conflict-affected areas regarding issues affecting the relationships between the company and local communities. Such commitments may include good offices and mediation efforts to help solve conflict between different stakeholder groups, for instance, a dispute over land between the government and minority groups.

Philanthropic donations are considered relevant as long as they take the form of social investments that result from consultative processes in coordination with governmental action.

### Peacebuilding Business Criteria

**Create spaces for dialogue** on issues affecting the company and neighboring communities

- Organise multi-stakeholder consultations to identify and address community needs
- If meaningful for the business model and in line with government plans make social investments to address community needs
- Offer good offices services by providing safe and neutral spaces for mediation between armed groups, the government, and other relevant stakeholders

### *Community Relations applied*

#### **Chevron Nigeria: Global Memorandum of Understanding in the Niger Delta**

Chevron Nigeria Limited (CNL) is a joint venture between Chevron and the Federal Government of Nigeria, which owns a majority stake in CNL’s operations. CNL began producing oil in Nigeria in 1961. Despite hosting important oil fields, the Niger Delta region has faced poor economic development and social unrest for many years. *“The region suffered serious environmental degradation from oil operations that destroyed local watersheds and traditional fishing livelihoods. Grievances from Delta communities were often dealt with in military terms, resulting in severe violations of human rights.”*<sup>23</sup>

In the 1990s, CNL had individual agreements with communities who received philanthropic donations from the company. At that time, little trust existed between the company and local communities,

<sup>23</sup> Corporate and Community Engagement in the Niger Delta: Lessons Learned from Chevron Nigeria Limited’s GMOU Process, Consensus Building Institute, with input from Harvard University’s Kennedy School of Government’s Corporate Social Responsibility Initiative and the International Finance Corporation, November 2012, [http://www.cbuilt.org/sites/default/files/Corporate%20and%20Community%20Engagement%20in%20the%20Niger%20Delta\\_Lessons%20Learned\\_0.pdf](http://www.cbuilt.org/sites/default/files/Corporate%20and%20Community%20Engagement%20in%20the%20Niger%20Delta_Lessons%20Learned_0.pdf)



which were competing for receiving its financial support. *“In 2003, the western area of the Niger Delta descended into a bloody and destructive inter-ethnic conflict fuelled by increasing competition over mineral rights and the associated benefits communities and individuals hoped to reap.”* CNL suffered from important damage to company infrastructure and had to shut down and evacuate the Niger Delta along with other oil companies.

In 2005, CNL decided to reshape its community engagement strategy substantially. The new process took the form of a Global Memorandum of Understanding (GMOU): a tripartite agreement signed by CNL, the state government and clusters of local communities represented by the Egbema Gbaramatu Communities Development Foundation.<sup>24</sup>

The aim of the GMOU is to integrate sustainability, partnerships, transparency and accountability in the management of community development projects dealing with health, water and sanitation, education, transport and economic empowerment. *“Under the previous approach, communities were perceived by CNL as the beneficiaries of their philanthropy. Under the new model, CNL and communities would be partners in socio-economic development projects.”*<sup>25</sup>

Under the GMOU, responsibility for identifying, developing and implementing community development projects rests with Regional Development Councils (RDCs), elected by the communities.



Image source

### Improved relationships, reduced violence

According to a large number of local stakeholders, the GMOU improved relationships and trust between CNL and local communities. It created space for dialogue where issues, concerns and grievances could be addressed in an open manner. Another positive outcome of the GMOU was reduced violence between communities as well as against the company’s infrastructure. This outcome can partly be attributed to the “peace bonus” included in the GMOU (additional community development funds awarded if CNL operations remain unobstructed by community agitation).

*““The greatest impact of the GMOUs is not the structures built, like a house or a hospital,” said Ali Moshiri, former president of Chevron Africa and Latin America Exploration and Production Company (CALAEP). “It’s the radical change in the importance of consensus building and working through conflict. The GMOU has provided skills for communities to determine their own future and to make that future a reality.”*<sup>26</sup>

<sup>24</sup> Chevron-backed GMOU most suitable for ending Niger Delta crisis - Michael Johnny, The Authority, 27 April 2017, <http://authorityngr.com/2017/04/Chevron-backed-GMOU-most-suitable-for-ending-Niger-Delta-crisis--Michael-Johnny>

<sup>25</sup> Corporate and Community Engagement in the Niger Delta: Lessons Learned from Chevron Nigeria Limited’s GMOU Process, Consensus Building Institute, with input from Harvard University’s Kennedy School of Government’s Corporate Social Responsibility Initiative and the International Finance Corporation, November 2012, [http://www.cbuilt.org/sites/default/files/Corporate%20and%20Community%20Engagement%20in%20the%20Niger%20Delta\\_Lessons%20Learned\\_0.pdf](http://www.cbuilt.org/sites/default/files/Corporate%20and%20Community%20Engagement%20in%20the%20Niger%20Delta_Lessons%20Learned_0.pdf)

<sup>26</sup> Roots of Change: Chevron’s Model Community Empowerment Program in the Niger Delta, Chevron, 2017 <https://www.chevron.com/-/media/chevron/stories/documents/nigeria-case-study-GMOU.pdf>

According to the World Economic Forum: *“The implementation of the GMoU model has helped to manage violent conflicts and address the lack of community capacity, unemployment and other social risks. The GMoU has been in operation for 10 years, has established CNL as industry leader in social performance in Nigeria and has been adopted by other companies in Nigeria.”*<sup>27</sup>

## Governance

The Governance dimension of ESG metrics generally describes good practices that should characterise the relations of power at a global, headquarter level, including the respective roles and responsibilities of shareholders, the board of directors and the management.

The PBBC have a specific approach to governance as they consider companies operating in fragile contexts. The major issues covered by the PBBC under governance are informed by transparency principles, mainly related to land acquisition and tax payments. The third element gets closer to the traditional, ESG-like conception of governance as it deals with the composition of the board, recommending that companies working in fragile states would benefit from board members with experience in conflict-affected environments.

### Peacebuilding Business Criteria

Promote high standards of **transparency and accountability** both within the company and in interaction with different partners

- Clarify property rights through stakeholder consultation to make sure there is consent for the use of land and natural resources; facilitate dialogue between government and communities if there is disagreement
- Negotiate contractual agreements to share value, i.e. make sure the local population benefits from your taxes; if possible, make the deal public
- Ensure there is a representative on the board with knowledge of conflict sensitivity and experience with fragile contexts

<sup>27</sup> Responsible Investment in Fragile Contexts: 12 case studies - Investing in Community Development: Chevron Nigeria, World Economic Forum, May 2016, [http://www3.weforum.org/docs/GAC16\\_Responsible\\_Investment\\_Fragile\\_Context.pdf](http://www3.weforum.org/docs/GAC16_Responsible_Investment_Fragile_Context.pdf)

## **Transparent governance applied**

### **European Extractives Reporting on Payments to Governments**

Several organisations are campaigning for increased economic transparency, which is believed to be an important driver of economic and social development, and of peace building as a result. This is the case of Transparency International, Global Witness, Publish What You Pay, the OECD or the Extractive Industries Transparency Initiative (EITI).

In terms of regulations, Norway has been the first country to adopt a standard requiring oil, gas and mining companies to disclose the revenues they pay to governments – such as taxes, royalties and licence fees – for all countries where they operate. In line with this standard, the Norwegian energy giant Statoil “has published a highly detailed report of its payments, broken down by each of its oil extraction projects worldwide.”<sup>28</sup> According to Statoil: “Transparency is vital to ensuring that the revenue derived from the operations globally is put to effective and equitable use, as it enables citizens to hold governments accountable for the payments they receive.”<sup>29</sup>

Under EU rules that have entered into force in July 2015, listed and large non-listed companies that are active in the oil, gas, mining or logging sectors must report all payments to governments broken down by country.<sup>30</sup>

In the USA, the Securities and Exchange Commission (SEC) adopted similar rules relating to the extractive sector in June 2016.<sup>31</sup> However, in February 2017 President Trump signed a law repealing the SEC regulation.<sup>32</sup>

Under these circumstances, the most advanced companies in economic transparency are Europe-based extractives. For example, the following companies publish payments to governments: Rio Tinto<sup>33</sup>, Anglo American<sup>34</sup>, Statoil<sup>35</sup>, Total<sup>36</sup>, and Glencore.<sup>37</sup> Companies from other sectors are less advanced, even those that usually receive high marks in ESG metrics. They only disclose their tax payments at global and regional levels. For instance, Nestlé discloses its “total tax contributions at Group



Image source

<sup>28</sup> Statoil’s historic disclosures blow holes in Exxon and Shell’s campaign for secrecy, Global Witness, 19 March 2015, <https://www.globalwitness.org/en/archive/statoils-historic-disclosures-blow-holes-exxon-and-shells-campaign-secrecy/>

<sup>29</sup> <https://www.statoil.com/content/dam/statoil/documents/annual-reports/2015/statoil-2015-payments-to-governments.pdf>

<sup>30</sup> Public country-by-country reporting, European Commission, [https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/public-country-country-reporting\\_en](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/public-country-country-reporting_en)

<sup>31</sup> SEC Adopts Rules for Resource Extraction Issuers Under Dodd-Frank Act, US Securities and Exchange Commission, 27 June 2016, <https://www.sec.gov/news/pressrelease/2016-132.html>

<sup>32</sup> Donald Trump signs a law repealing a disclosure rule for oil companies, The Economist, 17 February 2017, <https://www.economist.com/blogs/democracyinamerica/2017/02/big-signing>

<sup>33</sup> [http://www.riotinto.com/documents/RT\\_taxes\\_paid\\_in\\_2015.pdf](http://www.riotinto.com/documents/RT_taxes_paid_in_2015.pdf)

<sup>34</sup> <http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/investors/tax/anglo-tax-report-web.pdf>

<sup>35</sup> <https://www.statoil.com/content/dam/statoil/documents/annual-reports/2015/statoil-2015-payments-to-governments.pdf>

<sup>36</sup> [http://www.total.com/sites/default/files/atoms/files/ddr2016\\_va\\_web\\_1.pdf](http://www.total.com/sites/default/files/atoms/files/ddr2016_va_web_1.pdf)

<sup>37</sup> <http://www.glencore.com/media/news/p/payments-to-governments-report-2016>



*and Zone levels and between Developed and Emerging countries”<sup>38</sup>, and Unilever provides “transparent communication about tax policy and total tax payments.”<sup>39</sup>*

The PBBC not only promote increased economic transparency, in particular regarding taxes paid in fragile states, they also invite companies to actively promote good governance in host countries so that tax revenues benefit local populations. The following statement from Glencore is relevant in this context:

*“We believe that communities should have access to clear information on how much their governments have earned from the exploration and extraction of natural resources. It is also vital that citizens can find out how these revenues contribute to the development of their society and their country’s economic status. Ensuring that our host countries and communities have transparent information about our payments to their governments also reduces the potential for corruption by all parties.”<sup>40</sup>*

### **Peacebuilding Knowledge in the Board of Total in Kenya**

Board members with contextual expertise and/or knowledge of the complex dynamics in fragile countries bring important perspectives to company board. The Board of Directors of Total Kenya includes Ms Margaret Wambui Ngugi Shava as an Independent Non-Executive Director. *“She is an advocate of the High Court of Kenya, a practising Advocate, an independent Consultant and a Certified Public Secretary (Kenya). Margaret has over 23 years working experience in Law, Management, Legal Consultancy and Peace Building & Transitional Justice.”<sup>41</sup>*

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<sup>38</sup>[http://www.nestle.com/asset-library/Documents/Library/Documents/Corporate\\_Social\\_Responsibility/Nestle-Tax-Management-Principles-Strategy-2016.pdf](http://www.nestle.com/asset-library/Documents/Library/Documents/Corporate_Social_Responsibility/Nestle-Tax-Management-Principles-Strategy-2016.pdf)

<sup>39</sup> <https://www.unilever.com/sustainable-living/what-matters-to-you/tax.html>

<sup>40</sup> [http://www.glencore.com/assets/sustainability/doc/sd\\_reports/2016-Payments-to-governments-report-2016-final.pdf](http://www.glencore.com/assets/sustainability/doc/sd_reports/2016-Payments-to-governments-report-2016-final.pdf)

<sup>41</sup> Board of Directors, Total Kenya, <http://www.total.co.ke/about-total-kenya/news-and-shareholders/total-kenya-board-of-directors.html>

## Products

Product-related requirements included in sustainability standards cover various aspects such as product safety, marketing communications, customer privacy, environmental impact of product, product compliance, etc. The PBBC focus on the positive impacts products can have to improve the situation of at risk populations in fragile environments and address issues typical for conflict-affected states such as limited access to education and youth unemployment.

### Peacebuilding Business Criteria

**Adapt your business model** in favour of specific needs of consumers and producers in fragile and conflict-prone contexts

- Identify business opportunities based on a conflict-sensitive market analysis
- Especially serve consumer needs of at risk populations (e.g. women, youth, ex-combatants, minority groups etc.)
- Develop products that serve problem-solving in fragile societies

### *Conflict-sensitive products applied*

#### Ericsson and the Youth Peacemaker Network in South Sudan

South Sudan gained its independence from Sudan in 2011, but the young nation has suffered from ethnic violence and a brutal civil war since 2013. South Sudan is an agricultural, subsistence economy<sup>42</sup>. Armed conflicts have made it dangerous to farm the fields. By mid-2017, poor agricultural yields and conflict put approximately 1 million people at risk of famine.<sup>43</sup> 66% of the total population of 11 million is under 25 years old.

The Whitaker Peace & Development initiative (WPDI) was founded in 2012 by actor and UNESCO Special Envoy for Peace and Reconciliation Forest Whitaker. In June 2014, WPDI launched the Youth Peacemaker Network program in Eastern Equatoria, one of the ten states of South Sudan, in partnership with Ericsson, the Swedish telecommunications company, Zain, the Kuwait-based mobile operator, and UNESCO.

The purpose of the Youth Peacemaker Network is to train young people in conflict resolution, mediation and information and communication technology (ICT) so they can act as agents of peace in their respective communities. *“Ericsson and Zain are the technology partners of the WPDI program, providing mobile phones, tablets, internet connectivity and various training programs such as ICT skills*

<sup>42</sup> South Sudan, Wikipedia, [https://en.wikipedia.org/wiki/South\\_Sudan#Demographics](https://en.wikipedia.org/wiki/South_Sudan#Demographics)

<sup>43</sup> No food, no money: conflict and chaos as South Sudan grapples with famine, The Guardian, 15 June 2017, <https://www.theguardian.com/global-development/2017/jun/15/no-food-no-money-conflict-and-chaos-as-south-sudan-grapples-with-famine>

*and tools to promote peace, by using the internet and social media for positive and peaceful messages, as well as early conflicts prevention and resolution.”<sup>44</sup>*

Elaine Weidman-Grunewald, Senior Vice President and Chief Sustainability Officer at Ericsson, reports: *“I remember the day six months ago, when we first introduced mobile phones and tablets for the ICT training, and most of the participants did not know how to turn on the devices. We quickly had to adapt our training to be more basic...*

*When the Peacemakers start to implement their plans in their communities, each Peacemaker has the potential to reach another 50-100 individuals, so if they are successful, you can see how this can quickly get some scale.”<sup>45</sup>*

In its 2015 Sustainability and Corporate Responsibility Report, Ericsson highlights how technology can serve peace. *“Our contribution to the peacebuilding process starts with providing ICT education and tools to youth in conflict-affected countries.”<sup>46</sup>*



Last year, the Youth Peacemaker Network in South Sudan added business-skills and entrepreneurship training to the program and it opened several Community Learning Centers in the country. According to WPDI: *“These centers are very popular and gather every month an average of 200 youths for trainings and peace activities.”<sup>47</sup>* Based on its experience in South Sudan, the Youth Peacemaker Network (YPN) opened branches in Uganda and Mexico.

<sup>44</sup> Ericsson And Zain Applaud First Graduates from South Sudan Youth Peacemaker Network, alBawaba, 21 September 2015, <https://www.albawaba.com/business/pr/ericsson-and-zain-applaud-first-graduates-south-sudan-youth-peacemaker-network-746244>

<sup>45</sup> Revisiting youth peacemakers in South Sudan, Elaine Weidman-Grunewald, Ericsson, 27 February 2015, [https://www.ericsson.com/thecompany/sustainability\\_corporateresponsibility/technology-for-good-blog/2015/02/27/peace-revisiting-youth-peacemakers-in-south-sudan/](https://www.ericsson.com/thecompany/sustainability_corporateresponsibility/technology-for-good-blog/2015/02/27/peace-revisiting-youth-peacemakers-in-south-sudan/)

<sup>46</sup><http://www.ericsson.com/res/thecompany/docs/corporate-responsibility/2015-corporate-responsibility-and-sustainability-report.pdf>

<sup>47</sup> WPDI strengthens the skills and confidence of its trainers in charge of our Community Learning Centers in South Sudan, Whitaker Peace & Development initiative, July 2017, <http://wpdi.org/blog/wpdi-strengthens-skills-and-confidence-its-trainers-charge-our-community-learning-centers-south>

## Google Search: Easing India-Pakistan Relations through Advertising

In 1947, India and Pakistan became two independent nations following the partition of British India. This partition was driven by religious considerations, “to stem the growing tensions between the Hindu and Muslim communities.”<sup>48</sup> People were forced to migrate across borders in massive numbers and the partition tore apart friends and families. Since 1947, the relation between India and Pakistan has been plagued by hostility and suspicion due to several territorial claims, the Indo-Pakistan War of 1971, and the Kashmir conflict.<sup>49</sup> In 1998, Pakistan tested its first nuclear device and the political tension with India went up. Executives from General Electric urged each country to moderate their speech and find a solution, and threatened to pull out of both countries.<sup>50</sup>

In 2013, Google published an advertisement promoting friendship across the India – Pakistan border under the title Google Search: Reunion. “*The India-Pakistan partition in 1947 separated many friends and families overnight. A granddaughter in India decides to surprise her grandfather on his birthday by reuniting him with his childhood friend (who is now in Pakistan) after over 6 decades of separation, with a little help from Google Search.*”<sup>51</sup> Today, the Google Search: Reunion advertisement has almost 14 million views on YouTube. It generated a massive amount of reactions, emotions and dialogue among blogs and social networks in India and Pakistan.



Image source

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<sup>48</sup> This Google ad has moved people to tears across India and Pakistan, PRI, 17 November 2013,

<https://www.pri.org/stories/2013-11-16/google-ad-has-moved-people-tears-across-indian-and-pakistan>

<sup>49</sup> India–Pakistan relations, Wikipedia, [https://en.wikipedia.org/wiki/India%E2%80%93Pakistan\\_relations](https://en.wikipedia.org/wiki/India%E2%80%93Pakistan_relations)

<sup>50</sup> India, Pakistan And G.E., Thomas L. Friedman, The New-York Times, 11 August 2002,

<http://www.nytimes.com/2002/08/11/opinion/india-pakistan-and-ge.html>; The Diplomat in the Corner Office: Corporate Foreign Policy, Timothy L. Fort, Stanford Business Books, 2015

<sup>51</sup> Google Search: Reunion, Google, 2013, <https://www.youtube.com/watch?v=gHGDN9-oFJE&list=PL-kIBfSqQg3uMx9Z1fOpc7WPw2wDvbhFu>

## Security

Most large companies address security issues within their human rights policies referring to standards such as the UN Guiding Principles on Business and Human Rights<sup>52</sup> and the Voluntary Principles on Security and Human Rights.<sup>53</sup> Among important aspects described in these standards are human rights assessments and human rights training provided to private and public security forces. While also addressing these aspects, the PBBC highlight the importance of consultations with local stakeholders when defining and implementing security policies and the development of inclusive security procedures.

### Peacebuilding Business Criteria

Adopt an inclusive approach to **company and community** security that involves local community members, local police and, if meaningful, business partners

- Record and report human rights abuses in your neighborhood to stakeholders that can take action (government, UN forces, company security)
- Promote community safety where your workers live
- Incorporate provisions for supply chain security to protect business partners

### *Inclusive security applied*

#### Total in Myanmar: Engaging with Local Stakeholders on Security Issues

The French Oil & Gas major company Total has been active in Myanmar since 1992. It operates the offshore Yadana natural gas blocks M5 and M6 – and a connecting pipeline – that currently supply half of all gas consumed by Myanmar and meets 15% of Thailand’s needs.

During the construction of the Yadana gas pipeline in the 1990s and early 21<sup>st</sup> century, Total's presence in Myanmar was strongly criticised by human rights’ activists and NGOs who claimed the company cooperated with the former junta, accused of human rights abuses such as forced labour.<sup>54</sup> In 2002, four Myanmar refugees filed a lawsuit against Total in Belgium for complicity in crimes against humanity. After years of procedure, the Belgian authorities dropped the case against Total in March 2008.<sup>55</sup>

<sup>52</sup> [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

<sup>53</sup> <http://www.voluntaryprinciples.org/>

<sup>54</sup> Responsible Investment in Fragile Contexts: 12 case studies - Investing in Fragile Contexts: Total in Myanmar, World Economic Forum, May 2016, [http://www3.weforum.org/docs/GAC16\\_Responsible\\_Investment\\_Fragile\\_Context.pdf](http://www3.weforum.org/docs/GAC16_Responsible_Investment_Fragile_Context.pdf)

<sup>55</sup> Total lawsuit in Belgium (re Myanmar), Business & Human Rights Resource Center, <https://business-humanrights.org/en/total-lawsuit-in-belgium-re-myanmar>

In 2002, Total commissioned former French Minister and co-founder of Médecins Sans Frontières Bernard Kouchner to investigate the case.<sup>56</sup> In his final report, Kouchner stated that Total was not complicit of the human rights abuses committed by the Government of Myanmar during the construction of the Yadana pipeline. On the contrary, the French company urged the Government to end such practices. Total also funded valuable social and health programs locally. In his conclusion, Bernard Kouchner advises Total to speak out in favour of democracy and human rights and to recognise its “political” role. This conclusion is relevant for the whole business and peace agenda beyond security issues. And, it resonates with a recent statement of the CEO of General Electric: *“Companies must be resilient and learn to adjust to political volatility all over the world. Companies must have their own ‘foreign policy’ and create technology and solutions that address local needs for our customers and society.”*<sup>57</sup>

Since 2002, Total has undertaken human rights assessments and training in Myanmar with the help of several independent organisations such as the Danish Institute of Human Rights (DIHR), GoodCorporation, and the Collaborative for Development Action (CDA) that visited the Yadana pipeline seven times between 2002 and 2014. In its latest report, CDA indicates that *“incidents of forced labour in the pipeline area were nearly obsolete.”* According to a 2015 report by the International Trade Union Confederation that is partly based on data gathered by the Business & Human Rights Resource Centre:<sup>58</sup> *“Information submitted by Total and obtained by stakeholders, including the DIHR and CDA, suggest that the company has in place solid human rights policies, including mitigation and remediation measures and that it is developing environmental and social impacts assessment in consultation with local communities. Over the years, Total has improved its engagement with local communities, and the company has been transparent in disclosing information about its operations and its practices.”*<sup>59</sup>



Image source

Total joined the Voluntary Principles on Security and Human Rights Initiative in March 2012. *“It is important to engage in dialogue with the security forces of Myanmar, police and army, NGOs, oil and gas companies, as well as private security”*, said Xavier Preel, Total E&P Myanmar General Manager.<sup>60</sup> Mr Preel added: *“When signing a contract with private security companies, the question of*

<sup>56</sup> Relation d'un voyage et de la découverte d'une industrie muette, Bernard Kouchner, 2003, 29 Septembre 2003, <http://www.total.com/sites/default/files/atoms/files/rapport-bkconseil.pdf>

<sup>57</sup> The CEO Of General Electric Just Called on US Companies to Defy Trump, Occupy Democrats, 29 March 2017, [http://occupydemocrats.com/2017/03/29/ceo-general-electric-just-called-us-companies-defy-trump/?utm\\_content=buffer1a289&utm\\_medium=social&utm\\_source=linkedin.com&utm\\_campaign=buffer](http://occupydemocrats.com/2017/03/29/ceo-general-electric-just-called-us-companies-defy-trump/?utm_content=buffer1a289&utm_medium=social&utm_source=linkedin.com&utm_campaign=buffer)

<sup>58</sup> Business & Human Rights Resource Centre, Myanmar Foreign Investment Tracking Project <https://business-humanrights.org/en/projects/myanmar-foreign-investment-tracking-project-responses>. From November 2014 to March 2015 Business & Human Rights Resource Centre wrote to over 120 foreign companies investing or operating in Myanmar to ask them to publicly disclose details about their activities and human rights commitment

<sup>59</sup> Foreign direct investment in Myanmar: What impact on human rights? International Trade Union Confederation, October 2015, <http://www.ituc-csi.org/IMG/pdf/ituc-burma.pdf>

<sup>60</sup> Total addresses rights and security concerns, Myanmar Times, 23 June 2015, <http://www.mmtimes.com/index.php/business/15177-total-addresses-rights-and-security-concerns.html>



*implementation on the ground, making sure every guard working for the company has proper training, knowing how to react in the case of violence, intrusion ... is quite important because this company is working for us. We are responsible for what they are doing. We have to make sure these people are behaving the way they have to behave to respect human rights principles.”*

In June 2015, Total organised a seminar on the “Voluntary Principles on Security and Human Rights” at Yangon. “Myanmar Government Representatives supported the event with an important and pro-active delegation including the Minister of Security and Border Affairs and 15 Police commanders and commissioners from 8 different government institutions.”<sup>61</sup> Nowadays, collaboration with the local police is of particular importance: since Myanmar undertook reforms towards democracy in 2011, CDA noted “a shift in regional authority and capacity from the military to the police force.”<sup>62</sup> “National companies, NGOs and Embassies also constructively contributed to the open discussions throughout the workshop based on practical situations related to security incidents.”<sup>63</sup>



Image source

Such consultations are in line with the notion of “inclusive security” embedded in the Peacebuilding Business Criteria: *“We tried, through this workshop, to foster a dialogue with local security forces, the police and the army, as well as NGOs, other oil and gas companies, and of course private security providers.”*<sup>64</sup>

<sup>61</sup> Voluntary Principles on Security and Human Rights, Total SA – 2015 Annual Report, 17 February 2016, [http://www.sustainable-performance.total.com/sites/analytscsr/files/atoms/files/vpshr\\_annual\\_report\\_-\\_total\\_2015\\_0.pdf](http://www.sustainable-performance.total.com/sites/analytscsr/files/atoms/files/vpshr_annual_report_-_total_2015_0.pdf)

<sup>62</sup> Corporate Engagement Program – Field Visit Report – Total E&P Myanmar - 7<sup>th</sup> Visit, Collaborative for Development Action, November 2014, <http://cdacollaborative.org/wordpress/wp-content/uploads/2016/01/Total-EP-Myanmar-Seventh-Site-Visit.pdf>

<sup>63</sup> Responsible Investment in Fragile Contexts: 12 case studies - Investing in Fragile Contexts: Total in Myanmar, World Economic Forum, May 2016, [http://www3.weforum.org/docs/GAC16\\_Responsible\\_Investment\\_Fragile\\_Context.pdf](http://www3.weforum.org/docs/GAC16_Responsible_Investment_Fragile_Context.pdf)

<sup>64</sup> Human Rights Briefing Paper, Total, July 2016, [http://www.total.com/sites/default/files/atoms/files/total\\_human\\_rights\\_briefing\\_paper\\_july\\_2016\\_0.pdf](http://www.total.com/sites/default/files/atoms/files/total_human_rights_briefing_paper_july_2016_0.pdf)

## Conclusions

This selection of good business practices is meant to shed some light on peacebuilding-relevant action by business. The examples illustrate the Peacebuilding Business Criteria developed by PeaceNexus, a set of recommendations for companies on how to adapt their business model and operations to a conflict-prone context. These recommendations combine peacebuilding objectives with business interests: there is a business case for conflict-sensitive behaviour beyond the general interest of companies to operate in stable environments.

- ✓ Through a rigorous due diligence process to screen possible suppliers and a comprehensive stakeholder analysis, Adidas prevents its association with bad business practices and reputational damage in Myanmar. The strategies also contribute, inter alia, to improving conditions in garment factories and the abolition of child labour in the country.
- ✓ Sourcing conflict-free not only promotes transparent business and boosts the reputation of Intel. It also reduces the sources of revenue for actors that fuel conflicts in countries like the DRC.
- ✓ Bringing people whose constituencies are in conflict with each other into the same work force bridges divides in society. It also allows Cisco, an IT company promoting collaboration between Palestinians and Israeli, to spot underused talent.
- ✓ By offering jobs to former combatants, Heineken contributed to disarmament and demobilisation in Rwanda after the genocide. This not only helped the acceptance of the company in Rwanda, but also improved the security and safety of its employees and its operations.
- ✓ By producing coffee in post-conflict areas in Colombia, Nestlé invests in local coffee producers and motivates those who had to leave during the war to return to their farms and make a living. Nestlé also benefits from a good sales' return of its smart marketing move and demonstrates that customers reward the peacebuilding business role of companies.
- ✓ Whilst operating in the Niger Delta has been difficult for most oil companies, many of whom faced animosity from local stakeholders, Chevron found a way to improve its relationship with local communities and authorities. By reaching a tripartite agreement with government and the population on the ground, Chevron is not only in a position to better understand the needs of various stakeholders, but also to facilitate collaboration between competing communities for development funds.
- ✓ An increasing number of European and US companies report on all payments made to governments, some of them, especially those of the Extractive Sector, broken down to project level. They do this not only to comply with regulations and avoid litigation, but also, as Statoil



and Glencore put it, to hold governments accountable, combat corruption and improve public services.

- ✓ Having members in the board that are experienced with conflict contexts and that previously worked with other actors enriches the knowledge of a company's board and helps companies improve their awareness of salient risks.
- ✓ Supporting IT and peacebuilding training for young people, as Ericsson does in South Sudan, is a way of showing commitment for new generations while supporting reconciliation of conflict-divided societies. At the same time, at least in a long-term perspective, by educating young people on how to use its products, Ericsson invests in an untapped customers segment.
- ✓ Total was accused of complicity in human rights violations in Myanmar and learned from it: In a context like Myanmar, a company will have to care for communities around the operations and protect them from security forces. By doing so, Total not only prevents reputational damage for the company, but also improves the safety for their workers.

In summary, the research by the team of the Peacebuilding Business Index provides examples of how companies can help build stability by acting smartly in complex and conflict-prone societies. Business actions for peace are not necessarily philanthropic. Reducing risks, building and maintaining a reputation and gaining acceptance in a society where trust has been heavily affected by conflict, are ultimately smart business strategies. Managers able to adapt well to the dynamics of complex environments outperform their peers and seize opportunities where others see challenges.

## About the Partners of PBBi

### PeaceNexus Foundation

PeaceNexus Foundation’s core mission is to provide peacebuilding champions – multilateral organisations, governments, non-profit organisations and businesses – with expertise and advice on how they can make best use of their peacebuilding role and capacity to help stabilise and reconcile conflict-affected societies. Since our founding in 2009, PeaceNexus has engaged in numerous partnerships with economic actors to improve outcomes in fragile states, as well as applied research projects on the contributions of business to peacebuilding. Our foundation can support **businesses who wish to leverage their peacebuilding potential** and **improve conflict-sensitivity** throughout their operations. In addition, PeaceNexus acts as a “nexus” between organizations: we can provide guidance on suitable partners to assist businesses in managing conflict, peace and security issues. PeaceNexus works with dozens of organizations in 4 regions primarily:



- ▶ Western Africa
- ▶ Western Balkans
- ▶ Central Asia
- ▶ Myanmar

Our grantee selection process is rigorous; our network of partners includes many of the most promising young organizations in peacebuilding, as well as the most experienced.

### Covalence

Founded in 2001, Covalence SA helps companies and investors integrate Environment, Social and Governance (ESG) factors into strategy and decision making. Our services include: **ESG ratings**, **thematic investment products**, and **monitoring of ESG news**, both positive (impact stories) and negative (controversies). Covalence also delivers data and research to corporates, academics and non-profits relying on its EthicalQuote reputation index.

Covalence approach is based on **multiple sources of information** and relies on web monitoring, artificial intelligence together with human analysis. We oppose ESG data publicly reported by companies (**disclosure**) to online narrative content reflecting the views of stakeholders such as NGOs and the media (**reputation**). This approach allows users to track inconsistencies, monitor changes and benefit from timely alternative data. The information is delivered in an actionable format to support ESG risk exposure mitigation and long term value creation.

Covalence is a signatory of the Principles for Responsible Investment (PRI), an institutional partner of Sustainable Finance Geneva (SFG), a founding member of Swiss Sustainable Finance, and a member of the Chamber of Social and Solidarity Economy in Geneva APRÈS-GE.