



# Due Diligence Assessment Procedure for Corporate Partnerships

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## 1.0 Purpose

- 1.1 In considering whether or not to engage in a partnership, the IFRC must evaluate whether or not the prospective partner's products, services and business practices:
- are consistent with the mission and fundamental values of the Red Cross and Red Crescent Movement;
  - in no way have the potential to embarrass, or in any way undermine the value of the emblem or reduce the respect due to the emblems; and
  - are consistent with IFRC's rules, procedures and protocols in this regard.
- 1.2 In response to concerns about appropriate and inappropriate corporate Partnerships, the Council of Delegates adopted the '*Movement Policy for Corporate Sector Partnerships*' (the Policy) in November 2005 which is binding on all components of the Movement.
- 1.3 This procedure provides the framework within which IFRC must screen and evaluate potential business partners. It does so by providing:
- relevant criteria for assessing potential partners;
  - a consistent research screening process; and
  - an authorisation process for obtaining internal approval of the proposed partnership.

## 2.0 Definitions

- 2.1 In this procedure, the following expressions mean:

**Corporate Sector Partnership and Logo Permission Agreements**

An issued contract outlining the terms and conditions of the partnership between IFRC and a partner, as well as the use of its name and logo.

**Emblem**

A red cross with vertical and horizontal arms of the same length on, and completely surrounded by, a white background, as well as the red crescent and red crystal.

**IFRC**

The International Federation of Red Cross and Red Crescent Societies.

**IFRC Logo**

The red cross and the red crescent enclosed in a rectangle with the wording International Federation of Red Cross and Red Crescent Societies.

**Movement**

The International Red Cross and Red Crescent Movement, comprised of the International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (IFRC) and all National Red Cross Red Crescent Societies.

**Organisation & Partner(s)**

Government, enterprises, private and publicly-listed corporations and their funds or foundations, philanthropic trusts and foundations, their affiliates and subsidiaries, individual persons and all other businesses.

**Partnership**

All relationships between the IFRC and a partner whereby the IFRC grants the partner the possibility of using its name, emblem/logo or image in its internal or external

communication and promotional materials, thereby potentially creating a public association of image between the partner and the IFRC. This relationship includes arrangements of; sponsorships, cause-related marketing initiatives, and strategic alliances. It does not include financial donations, in-kind donations or commercial arrangements with suppliers and service providers which do not entail a communication or promotional dimension which might potentially create a public association of image.

**Partnership Review Committee**

The Committee composed of representatives of the Risk Management and Audit, Legal and Communications Departments, responsible for providing with a recommendation on a foreseen partnership to the Head of Strategic Partnerships and International Relations or the Under Secretary General for Humanitarian Values and Diplomacy.

**Policy**

*Movement Policy for Corporate Sector Partnerships* as adopted by (and binding on) all Movement's components at the 2005 Council of Delegates.

**Public association of image**

Public association of image is any circumstance whereby a partner uses the IFRC name, emblem/logo or image in its public-facing/external channels, thereby potentially creating a public association of image between the partner and the IFRC. Public facing/external channels are those that are accessible by members of the public, including websites, public media (TV, radio, print, PR), advertisements, direct mail, mail drops, events, face-to-face campaigns, telemarketing, in-store, on-pack promotion, etc.

**Red Cross Style Guide**

*IFRC Visual Identity Guidelines (March 2011).*

### **3.0 Application of Policy**

3.1 This procedure has a focused remit and relates to any financial, in-kind pro bono or third party partnerships seeking public association of image. It does not cover issues of partnerships in other areas including statutory funding, investments, purchasing or issues of advocacy.

3.2 **THESE GUIDELINES APPLY** to:

All relationships between the IFRC and a partner where IFRC grants the partner the possibility of using its name, emblem/logo or image in its internal or external communication and promotional materials, thereby potentially creating a public association of image between the partner and the IFRC.

These relationships may be directly between the IFRC and a partner, between the partner, the IFRC and one or more member National Societies or indirectly between the IFRC and a partner, through one or more member National Societies.

Examples of partnerships include, but are not limited to:

### **Sponsorships**

Relationships in which a partner gives financial, pro bono or in-kind support to the IFRC for a specific event, program or project and in return expects public association of image.

### **Cause-Related Marketing Initiatives**

Relationships in which a partner agrees to donate a specific amount of sales revenue (or an equivalent thereof) from a product, service, or brand to the IFRC in return for the public association of its image with the IFRC.

### **Strategic Alliances**

Relationships formed between a partner and the IFRC which are focused on jointly addressing a goal of common interest (i.e. a specific social problem) and involve a public association of image. These relationships are often multifaceted, long-term and pool the complementary strengths of both partners.

### **3.3 THESE GUIDELINES DO NOT APPLY to:**

- Financial or in-kind donations, including one-off donations, from partners which do not entail internal or external communication or promotional dimension which might potentially create a public association of image.
- Commercial arrangements with suppliers and service providers which do not entail internal or external communication or promotional dimension which might potentially create a public association of image.
- Financial or in-kind donations from organisations or individuals, or commercial arrangements with suppliers and service providers which do not entail a communication or promotional dimension which might potentially create a public association of image may be given basic recognition, however there must be no public association of image as defined in this procedure.

## **4.0 Partner Profile**

### **4.1 Partnerships which are ENCOURAGED**

The '*Desirable Profile Criteria*' outlined in the Policy **encourages** the IFRC to partner with partners that:

- 4.1.1 Respect the Movement's humanitarian values and commit to a programme of action to support its work;
- 4.1.2 Are leaders in exhibiting corporate social responsibility through policy and practice;
- 4.1.3 Respond positively to input from Red Cross aimed at improving their business practices in a way that promotes social responsibility;
- 4.1.4 Provide products and services that relate to Red Cross' mission or activity; and who would be the best possible partner in helping Red Cross to achieve its aims, increase its reach and enhance awareness of its work;
- 4.1.5 Are committed to volunteer action;
- 4.1.6 Promote the education, health and social welfare of their employees to an extent that goes beyond what the law requires;
- 4.1.7 Promote responsible production and use of their products and services and adhere to the principles of sustainable development;
- 4.1.8 Have a positive image, good reputation and a track record of good ethical behaviour.

## 4.2 Partnerships which are PROHIBITED:

The 'Guiding Criteria' outlined in the Policy **prohibits** IFRC from partnering with partners that:

- 4.2.1 Are knowingly or deliberately engaged in activities running counter to:
- I. The Movement's objectives and fundamental principles;
  - II. Principles of International Humanitarian Law;
  - III. Internationally recognised standards of human rights, labour rights and protection of health.

For Example partners excluded would include:

- *Poor human rights record:* Through its operations or its use of security forces in zones of conflict, countries with repressive regimes, or countries with poor human rights records, there is evidence that the partner has been complicit in the violation of human rights.
- *Poor labour rights records of supplier:* Through its commercial relationships with suppliers and subcontractors, there is evidence of the partner's complicity in unfair or abusive labour practices (including child labour and other labour practices contrary to the abovementioned ILO Fundamental Principles and Rights at Work), yet the Company has not implemented mechanisms designed to minimize its complicity in such practices.
- *Poor Health, Safety and Environmental Record:* The partner has a health, safety and/or environmental record that is poor relative to its industry peers.
- *Employee Controversies:* The partner has contravened employment equity legislation; or it has been involved in a significant controversy relating to the treatment of its employees; its hiring, promotion, and dismissal record; or its failure to prevent violence, harassment or discrimination in the workplace.
- *The partner is involved in the production of pornography;*
- *The partner owns and/or operates adult entertainment establishments;*
- *The partner derives 10% or more of its revenues from the rental, sale or distribution (wholesale or retail) of pornographic products;*
- *The partner derives 10% or more of its revenues from the provision of pay-per-view adult channels and/or movie channels with pornographic content.*

- 4.2.2 Have the manufacture or sale of arms and ammunition as their core business or a material part of their business.

For Example partners excluded would include:

- *The partner designs or produces munitions, weapons, weapons systems, or highly specialized major components/assemblies of the same as a material part of its business.*

- *The partner derives 10% or more of its revenues from the design and/or manufacture of components of weapons or weapons systems including related products such as specialized radar, communications or military flight simulation systems.*
- *The partner derives 10% or more of its revenues through the provision of weapons-related services, including but not limited to the repair and maintenance of military hardware, military flight training services, and the operation and/or maintenance of satellite or missile tracking systems or radar systems.*

#### 4.3 **Partnerships which should be AVOIDED:**

The Policy also recommends **avoiding** partnering with a partner whose activities may infringe the Movement's objectives and principles such as a partner that:

- 4.3.1 Has as its core business the direct manufacture or sale of products publicly recognised as deleterious to health;

*For Example partners affected would include:*

- *The partner is involved in the production of tobacco products.*
- *The partner licenses its name or brand name to tobacco products.*
- *The partner derives 10% or more of its revenues from the production of tobacco-related products, such as filters or specialized packaging for tobacco products.*
- *The partner derives 10% or more of its revenues from the retail sale of tobacco products.*
- *The partner is involved in the development and/or production of products or services that have caused (or have significant potential to cause) permanent injury, impairment, or death.*

- 4.3.2 Through its business or individual practices, materially contributes to armed conflicts or natural disasters;

*For Example partners affected would include:*

- *Contribution to natural disasters:* The partner has failed to take steps to mitigate its contribution to environmental problems that have the potential to increase the severity and frequency of natural disasters.
- *Resource depletion:* The partner's operations have contributed significantly to the depletion of water, forests, soil, or other resources critical to the health and integrity of natural ecosystems.
- *Regulatory compliance:* The partner has a notably poor record of compliance with local or national environmental laws, regulations, and operating permits.

- *Product/Service impact:* One or more of the partner's products/services have caused or have strong potential to cause significant negative impact on the environment.

4.3.3 Has business interests which might undermine the ability of any component of the Movement to operate, including in war-torn areas;

*For Example partners affected would include:*

- *Partiality:* The partner has demonstrated a lack of impartiality through its operations or business dealings in conflict zones.
- *Undermining the role of government:* The partner's operations in unstable countries/regions have served, intentionally or unintentionally, to undermine the role and effectiveness of a legitimate government.
- *Exacerbation of tension/conflict:* The partner has operated in a manner that has exacerbated or exploited ethnic tensions or any other conflict.
- *Lack of policy/initiatives to manage exposure to conflict situation:* Through operations in zones of conflict the partner is exposed to the possibility of complicity in violence or abuse, yet it has not implemented policies or management systems to address this exposure.

4.3.4 Does not respect materially the local or national laws and regulations of the countries where it operates or resides;

*For Example partners affected would include:*

- *Bribery or corruption involvement:* There is credible evidence of the partner's involvement or complicity in bribery or corruption.
- *Illegal/controversial business practices:* In its business dealings the partner has failed to comply with local or national laws and regulations and has faced convictions or penalties/fines for practices such as price fixing, antitrust violations, or other illegal/unethical business activities.
- *Illegal/controversial marketing practices:* The partner has faced convictions or penalties/fines for fraudulent, deceptive or unethical advertising, marketing, sales or production practices; or these practices have led to a major public controversy.

4.3.5 Has major public controversies in the country where the partnership takes place that would undermine the reputation, image or emblems of the Movement.

*For Example partners affected would include:*

- *Governance controversies:* The partner has been involved in major controversies over its corporate governance practices (e.g. accounting or reporting malpractices, insider trading).

- *Adverse community impact:* The partner has had a significant negative impact on local communities. Or, in the face of local opposition or concern about the impact of its operations, the partner has failed to modify or plan its operations in accordance with the concerns and interests of such communities. Or, the partner has shown disregard for the concerns and interests of such communities.
- *Displacement of local people:* The development of the partner's operations has resulted in the involuntary displacement of members of local communities.

#### 4.4 Risk categories

In consideration of the 'Guiding Criteria' outlined in section 4.2 (prohibited partnership) and 4.3 (partnership which should be avoided), and to give greater clarity to IFRC personnel undertaking the requisite research and screening process outlined in section 5.0, below, a range of specific risk categories have been identified as outlined below.

1. Partners that are found to fall into risk categories 1, 2, or 3 highlighted in orange in the table below automatically disqualify from any potential public association with IFRC and therefore need not be processed further (a filled in Annex A is kept for the record).
2. Partners that are found to fall into one of the other remaining risk categories (4 to 10), must be screened externally, through a tailor made screening and are referred to the Partnership Review Committee in accordance with section 5.11.
3. Partners not falling into any of these risk categories, may be screened either internally or externally and then can be directly processed by the Under Secretary General for Humanitarian Values and Diplomacy in accordance with section 5.10 below.

#### Risk categories:

<b>1. Arms manufacturers and retailers</b> (core business)	<b>6. Mining and extractive companies with associated environment or health issues</b> (petroleum companies, energy companies and mining companies)
<b>2. Tobacco</b> (e.g. tobacco companies and products)	<b>7. Religion</b> (all religious or religious-based organisations or causes, due to the potential to compromise Red Cross Red Crescent fundamental principles including impartiality)
<b>3. Pornography</b> (e.g. pornography companies, products and events)	<b>8. Alcohol</b> (excluding RSL clubs & sporting clubs) (e.g. alcohol companies, products and retailers)
<b>4. Food and beverage deleterious to health</b> (e.g. fast food chains/stores, confectionary, energy/carbonated drinks, junk/snack food)	<b>9. Other products deleterious to health</b> (e.g. pesticides, lead paint, asbestos, etc)
<b>5. Gambling/gaming</b> (excluding RSL clubs & sporting clubs) (e.g. casinos, betting establishments, lotteries, gaming companies)	<b>10. Pharmaceutical companies</b>



## 5.0 Research and screening

- 5.1 As set out above, all potential partners MUST be screened against the *Guiding Criteria* as defined in section 4.2 and 4.3, even if they have previously been screened by another component of the Movement or do not manifest any apparent risk.
- 5.2 Screening is done either by an external rating company or the Strategic Partnerships and International Department and must include parent and subsidiary companies, if the partner has a significant ownership stake or voting power in the parent company subsidiary or if there is a clear publicly recognised connection between the two entities.
- 5.3 Although a partner's history will be considered as part of this review, its recent performance is most significant. Past performance can be mitigated by more recent commitment to positive change.
- 5.4 The IFRC will continue to monitor the results as set out below and reserves the right to reassess any relationship in light of new or previously unseen information, even during the course of a contractual relationship.

### Screening:

- 5.5 All IFRC staff must ensure that the Strategic Partnerships and International Relations Department in Geneva ("SPIR Geneva") is informed of any potential partnership covered under this procedure.
- 5.6 Before any discussions in regards to a potential partnership are engaged, SPIR Department shall:
- 5.6.1 as far as possible, determine whether any other Movement component has previously screened the partner, gathering such materials as available.
- 5.6.2 Determine whether the partner will be screened internally or externally, as per section 4.4 above.
- 5.6.3 If done internally;
- 5.6.3.1 Obtain the partner's annual report and accounts.
- 5.6.3.2 consult independent, credible sources, which could include;
- a general search engine (e.g. [www.google.com](http://www.google.com));
  - reputable international and local media (e.g. [www.nytimes.com](http://www.nytimes.com); [www.bbc.co.uk](http://www.bbc.co.uk));
  - credible and relevant NGOs (e.g. [www.amnesty.org](http://www.amnesty.org); [www.hrw.org](http://www.hrw.org); [www.oxfam.org](http://www.oxfam.org)),
  - a corporate social responsibility website (e.g. [www.globalethicsmonitor](http://www.globalethicsmonitor)).
- 5.6.3.3 Request from the partner any information they wish to submit relating to the assessment criteria (set out in Annex A) and their corporate social responsibility agenda.
- 5.6.4 If done externally:
- 5.6.4.1 If the potential partners falls into one of the risk categories, a tailor made external screening will be undertaken according to section 4.

5.6.4.2 If the potential partner does not fall into a risk category than a standard report will be commissioned.

- 5.7 The screening should include a risk assessment of the context and countries concerned by the potential association.
- 5.8 Upon completion of screening Annex A will be filled in.

Approval:

- 5.9 If the screening reveals that the potential partner does not qualify, the Under Secretary General for Humanitarian Values and Diplomacy shall be informed of the result and the reasons, as well as any National Society that is known to be engaged with such partner.
- 5.10 If no concerns arise as to the potential partner and the partner does not fall into any of the risk categories outlined above, a completed Annex A will be transmitted to the Under Secretary General for Humanitarian Values and Diplomacy for final approval.
- 5.11 If the screening reveals that the partner qualifies for partnership but that it falls into one of the risk categories highlighted in white in the table provided in section 4.4 or the Strategic Partnership and International Department sees another reason for concern the screening results shall be reviewed by the **Partnership Review Committee for its recommendation to the Under Secretary General for Humanitarian Values and Diplomacy.**

The Partnership **Review Committee** shall consist of representatives of the Risk Management and Audit, Legal and Communications Department. The Committee will provide its written recommendation to Under Secretary General for Humanitarian Values and Diplomacy its in regards to approval or rejection of the potential partnership.

Monitoring of ongoing partnerships:

- 5.12 Current partners falling under one of the risk categories identified in section 4.4 will be fully screened again upon any potential renewal as per the procedures set out above.

Responsibilities:

Resource Mobilisation Coordinators in the Zones:

- to disseminate the procedure to head of offices, programme staff and others that may have private sector contacts
- monitor compliance
- liaise with SPIR Geneva as appropriate

SPIR Geneva:

- liaise with other Movement components to share information on prior screenings of corporate entities
- conduct screenings of corporate entities
- convene review panels to assess and make recommendations regarding proposed partnerships

Under Secretary General for Humanitarian Values and Diplomacy:

- make final decision and sign-off

Risk Management and Audit, Legal and Communications Departments:

- participate in the Partnership Review Committee to assess and make recommendations regarding proposed partnerships in writing

## Related documents

File number	Name	Version
079	Federation Contracting Procedures	
029	Standardised filing system for headquarters departments – policies and procedures	1.00
	Emblem Rules and Regulations	Governance FedNet page
	Movement Policy for Corporate Sector Partnerships, Council of Delegates Resolution 10 -	Strategic Partnerships Unit FedNet page
127	IFRC Visual Identity Guidelines	

## Document revision history

Version	Date	Details
2.00	November 2012	This procedure has been rewritten and the first one was not included in the PPP database.

# Due Diligence Assessment Procedure for Corporate Partnerships

## ANNEX A

### Potential Partner Risk Evaluation Screening Form

Potential partner being screened: \_\_\_\_\_

This Form must be filled by the relevant party in accordance with the procedure. Depending on the case, it may be filled by the SPIR Department.

A. Red Cross contact details	
Name/title/department/email and phone:	
Date research conducted:	
Date submitted for approval:	

B. Potential partner information	
If relevant, parent company/subsidiary companies:	
Partner's website:	

C. Does the partner's core business fall into one of the following high risk industry categories? (Y/N)			
<b>1. Arms manufacturers</b> (core business)	Y/N	<b>6. Mining and extractive companies with associated environment or health issues</b> (petroleum companies, energy companies and mining companies)	Y/N
<b>2. Tobacco</b> (e.g. tobacco companies and products)	Y/N	<b>7. Religion</b> (all religious or religious-based organisations or causes, due to the potential to compromise Red Cross Red Crescent fundamental principles including impartiality)	Y/N
<b>3. Pornography</b> (e.g. pornography companies, products and events)	Y/N	<b>8. Alcohol</b> (excluding RSL clubs & sporting clubs) (e.g. alcohol companies, products and retailers)	Y/N
<b>4. Food and beverage deleterious to health</b> (e.g. fast food chains/stores, confectionary, energy/carbonated drinks, junk/snack food)	Y/N	<b>9. Other products deleterious to health</b> (e.g. pesticides, lead paint, asbestos, etc)	Y/N
<b>5. Gambling/gaming</b> (excluding RSL clubs & sporting clubs) (e.g. casinos, betting establishments, lotteries, gaming companies)	Y/N	<b>10. Pharmaceutical companies</b>	Y/N

**\*\*Partners that fall into any risk category highlighted in orange are automatically disqualified from a public association of image with the IFRC**

D. For internal screening, key words used to search for risk-specific information about the proposed partner:
Words/phrases used to search (e.g. "partner's name" + controversy; "Partner's name" + human rights)

<b>E. For internal screening the following sources have been consulted to investigate potential risk(s)</b>	
	General Search Engine (e.g. Google)
	Company website and/or other company communications
	Reputable local and/or international media (e.g. abc.net.au, bbc.co.uk, smh.com.au, reuters.com)
	CSR website (e.g. corpwatch.org)
	NGOs (e.g. Amnesty International, Oxfam)

<b>F. Based on internal or external research, the screening reveal that the partner: (Y/N)</b>	
1. Fails to respect human rights, labour rights or the protection of health (e.g. clothing sweatshops, child labour)	Y/N
2. Has business practices that directly contribute to armed conflicts or natural disasters (e.g. Private security contractors, de-forestation, unsustainable land use)	Y/N
3. Fails to respect the local or national laws and regulations of the countries where it operates, or is involved in public controversies (e.g. HIH (financial irregularities), One-Tel (workers entitlements), James Hardie (Asbestos))	Y/N
4. Has products, activities or practices which have the potential to undermine respect for and/or embarrass Red Cross Red Crescent (e.g. poor brand alignment)	Y/N
5. Fails to respect international humanitarian law where applicable (i.e. business Partner is closely associated with an armed conflict and/ or is directly assisting one side in a conflict e.g. private security contractors, production of weapons, involvement in supply of materials such as ammunition or oil)	Y/N
6. Has knowingly engaged in activities running counter to Red Cross Red Crescent's fundamental principles (i.e. Humanity, Impartiality, Neutrality, Independence, Voluntary Service, Unity, Universality)	Y/N
7. Has knowingly contributed to environmental damage or had an adverse community impact from mining or extraction activities?	Y/N

<b>G. For internal research: summary of findings (attach relevant print-outs and articles):</b>

<b>H. For external screening: mention rating company and list reports provided as well as other relevant information about the partner</b>

<b>I. Summary of proposed partnership:</b>
Brief summary of nature of proposed partnership (including timeframe and term):

<b>J. Key partnership elements are expected to include:</b>	
	<b>Financial support</b> (please indicate expected annual range):
	<b>Employee engagement including donations</b>
	<b>In-kind support</b> (please describe):
	<b>Access to corporate channels</b> (please describe):
	<b>Other</b> (please describe):

<b>K. Recommendation:</b>	
	Yes, a potential risk has not been identified and we believe the partnership should proceed
	Yes, a potential risk has been identified but we believe the partnership should be approved
	No, a potential risk has been identified and we believe the partnership should not be approved

<b>L. If required, assessment and approval by partnership committee review consisting of Head of Communications, Head of Risk Management and Audit and Legal Counsel</b>		
Assessed and approved. Comments:		
Assessed and declined. Comments:		
Date	Name and Title	Signature

<p>Final Approval by USG for Humanitarian Values and Diplomacy</p> <p>Signature:</p> <p>Date:</p>
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