ICRC

ICRC Guidelines for Screening Private Donors and Partners (Public Version)

The ICRC Guidelines for screening potential private donors and partners are based on existing institutional documents, namely the *Ethical Principles Guiding ICRC's Partnerships with the Private Sector* and the *Movement Policy for Corporate Sector Partnerships*. This document clarifies how the ICRC's Ethical principles and the Movement policy should be applied.

This document is an abridged, public version of the Guidelines, aimed at providing an overview of the general process and principles used by the ICRC.

The document outlines:

- ICRC's general approach to screening/ scope of the screening process,
- Decision-making process,
- Sources of information used to screen a company,
- Metrics used to operationalize the screening criteria,
- Monitoring and engaging partners,
- Quality control.

I. SCOPE

The guidelines apply to all relationships between companies, foundations or individuals and the International Committee of the Red Cross (ICRC) that involve support from the private sector to the ICRC, encompassing:

- **Donations**: such as cash donations, donations in-kind, campaigns, and employee giving;
- **Partnerships / Collaboration:** such as operational collaboration and knowledge exchange, joint advocacy, innovation projects, staff secondments, training, and joint programming.

The term 'partnership' encompasses all relationships between the ICRC and a company or foundation, in which the ICRC grants the partner the possibility of using its name, emblem/logo or image in its communication and promotional materials, thereby potentially creating a public association of image between the company and the Red Cross and Red Crescent Movement.

The term "Companies" encompasses private firms and their foundations, as well as state-owned enterprises. The process outlined for screening corporate donations also applies to screening donations from individuals and foundations.

The guidelines below do not apply to the promotion of humanitarian principles and humanitarian dialogue with companies operating in conflict-prone areas.

II. DECISION MAKING PROCESS

A wide range of functions and units across the ICRC are part of the process to decide on involvement in corporate partnerships, and to accept or reject different kinds of donations from companies, individuals and foundations. The process will typically include input from:

- an ICRC country or regional delegation,
- the relevant technical unit,
- senior members of the Resource Mobilization Division,
- legal counsel,
- the director of Financial Resources and Logistics,
- Communications and Information Management, and Operations, the organization's economic advisor and other members of the ICRC.

An internal Review Committee, led by the Director of Financial Resources and Logistics, meets regularly to monitor existing corporate partnerships, and to approve or reject potential donors and partnerships. Its work is supported by detailed research provided by internal and external sources and takes into account potential risks and benefits and, as appropriate, potential risk mitigation measures. The Committee ensures that the ICRC's *Guidelines for Screening Corporate Donors and Partners*, as well as the *Ethical Principles Guiding ICRC Partnerships with the Private Sector* are observed in existing and potential partnerships.

The Director of Financial Resources and Logistics is responsible for the Committee's decisions. If deliberations at the level of the Review Committee are inconclusive, cases may be referred to the Director General for a decision.

III. INFORMATION SOURCES

In order to get a comprehensive understanding of corporate actors' performance and standing, the ICRC relies on internal resources as well as *Environment, Social and Governance (ESG)* audits carried out by one or more independent ESG research providers. Such information products consider both positive and negative aspects of a company's performance, and serve as the basis for assessing the reputational risk associated with receiving any form of support from a corporate actor.

In addition to providing an objective analysis of companies' ESG performance, the external audit report provides clear metrics that allow the ICRC to monitor changes in a company's performance and compare a company's performance to that of its peers in the same sector. Furthermore, the report evaluates the safeguards and policies a company has in place to mitigate and address ESG related risks, thereby providing elements for a forward looking risk assessment.

For donations coming from individuals or private foundations, the ICRC relies on a specialist external research provider to determine the donor's main business interests, sources of income and associates. This information is checked against the ICRC's screening criteria (outlined below), to assess the level of reputational risk associated with receiving support from a private donor.

Internally, the ICRC's Environmental Scanning and Reputation (TRAK) Unit monitors a wide range of open sources for information related to any public controversies affecting current or potential partners and donors. This scanning complements the findings of the audit reports by identifying and further researching the issues from the audit that may present a reputational risk for the ICRC. In the instances where an audit is not available or inconclusive, the ICRC may supplement its findings by relying on additional external audit firms, the findings of the internal media scanning and on information available on Corporate Social Responsibility (CSR)-related websites. Additional information may also be provided by ICRC staff in a country or region where a donor or company is based.

IV. KEY CRITERIA & METRICS

Existing ICRC and Movement policies outline several criteria to be considered when screening a potential corporate partner or private donor. The following section clarifies which of these are exclusionary, cautionary, and positive criteria.

In the case of corporate partnerships, it is important to note that these criteria are used to assess the risks that stem from a company's reputation and business practices but not the risks or benefits that may be specific to a partnership between the ICRC and a given company. Therefore, an assessment of these criteria serves as the basis for screening all potential private donors, whether they be companies, foundations or individuals, but is also complemented with an assessment of partnership risks and benefits in the case of potential corporate partners.

i. Exclusionary Criteria

An exclusionary criterion is one that automatically prevents the ICRC from accepting any form of support from a company, foundation or individual. These pertain to activities that present a reputational risk for the ICRC and for which clear thresholds can be identified and objectively measured. The exclusionary criteria establish thresholds with regards to the degree of involvement in:

1. The manufacture or sale of arms, including any direct or indirect involvement in the manufacture or sale of illegal or controversial weapons;
2. International crimes; this encompasses International crimes as defined in treaty and customary law, which include serious violations of International Humanitarian Law (IHL) and gross violations of International Human Rights Law (IHRL), such as crimes against humanity, genocide, torture; as well as other international crimes such as piracy, transnational organized crime, human trafficking, financing of terrorism, amongst others;
3. The manufacture of products that are widely recognized as deleterious to health;
4. Socially sensitive industries, including gambling and pornography.

In addition, while the categorical threshold for involvement in international crimes is that a potential donor or partner be under formal investigation for such crimes, it should be noted that the ICRC will closely evaluate any allegation of involvement in IHL or IHRL crimes. If upon further review the allegations against a company, foundation or individual are deemed to be serious and credible**,** the ICRC will refuse support from the entity even if it has yet to be investigated. This is why alleged Human Rights and IHL violations are also included in the list of cautionary criteria below.

The exclusionary criteria are supplemented by a list of cautionary criteria and positive criteria, detailed below, which further influence the decision to accept support from a potential donor or partner.

ii. Cautionary Criteria

Beyond the exclusionary criteria outlined above, which categorically prevent the ICRC from receiving support from a company, foundation or individual, the decision of whether to accept support from a company will generally require weighing the potential benefits against potential risks. Cautionary criteria flag issues that may present potential risks, keeping in mind that some of these risks may be mitigated. Cautionary criteria are often more qualitative in nature, and therefore do not allow for clear thresholds. Nevertheless, for most of the criteria considered by ICRC, the external ESG audit provides some relevant metrics to gauge a company's performance and the potential level of risk associated with it. The cautionary criteria are in line with the ICRC and Movement policy on screening corporate partners, and there are corresponding metrics available for each.

The cautionary criteria cover where a company:

1. Has been involved in past controversies;
2. Is potentially exposed to future controversies;
3. Does not respect internationally recognized human rights and fundamental labor standards;
4. Has engaged knowingly in practices running counter to the rules and principles of international humanitarian & human rights law;
5. Does not respect materially the local or national laws and regulations of the countries where it operates;
6. Through its business practices, materially contributes to armed conflicts or natural disasters.

Similarly, in the case of individuals and foundations, a specialist audit provider and internal monitoring allows the ICRC to assess the level of involvement in sensitive industries or activities.

iii. Positive Criteria

Whereas cautionary criteria are meant to flag potential risks and issues of concern with potential corporate partners, positive criteria focus on issues that may reflect more positively on company's reputation and future business behavior. This includes issues such as leadership in CSR and receptivity to external input aimed at improving business practices. In addition to relying on the internal media scanning and the ESG audit, the ICRC will also look at industry specific reports where relevant.

The positive criteria potentially include where a company:

1. Is a leader in exhibiting CSR through policy and practice;
2. Would respond positively to input from actors/partners aimed at improving their business practices in a way that promotes social responsibility;
3. Promotes the education, health and social welfare of their employees to an extent that goes beyond what the law requires;
4. Have a positive image, good reputation and a track record of good ethical behavior.

Screenings of foundations and individuals are based on an assessment that includes sources of income and affiliated companies, and will consider the above positive criteria for these affiliates.

iv. Large Donations from Companies, Foundations and Individuals

A highly-detailed series of steps are followed within the ICRC to research and decide on donations by companies, foundations or individuals exceeding 100’000 CHF or donations exceeding 50’000 CHF from companies, foundations or individuals who derive a significant part of their revenue from sectors defined as high risk. For the Movement, these sectors include:

1. Food, beverage or other products publically recognized as deleterious to health (e.g. fast food chains/stores, confectionary, energy/carbonated drinks, junk food/unhealthy snacks, tobacco);
2. Other products deleterious to health (e.g. certain pesticides, lead paint, asbestos, etc.);
3. Mining and extractive companies with associated social, environmental or health issues (e.g. petroleum companies, energy companies and mining companies);
4. Pharmaceutical companies.

Decisions are taken after thorough examination of such proposed donations. They may also be referred to the Review Committee for further examination or a final decision.

V. MONITORING & ENGAGING PARTNERS

Given the fluid nature of the environments in which the ICRC and its private partners operate, the screening process must be able to account for sudden and unforeseeable changes. The monitoring and management of relationships with partners is therefore an essential part of the overall screening approach to long-term partnerships with companies and foundations.

The monitoring process distinguishes between:
1. Changes in a company’s policies and fundamentals that are likely to affect the long term trajectory of a company’s practices
2. Unexpected development/controversies that are likely to affect reputational risk associated with a partnership.

i. Monitoring Company Policies and Fundamentals

The ICRC reviews a partner company’s policies and fundamentals every two-years or after a merger or an acquisition. This review is carried out by the Review Committee and is based on updated ESG audit and TRAK report for each company.

The objective is to assess whether there have been any significant changes to a company’s policies and practices. If a deterioration in the company's policies and practices is identified and deemed significant enough to alter the balance of risk and benefits of a partnership, then the Review Committee will carry out a complete review of the partnership.

In extreme cases, such as when there have been very significant changes to a company’s practices in relation to ICRC’s exclusionary criteria, the ICRC may consider the suspension and eventual termination of a partnership. In most cases, however, significant changes in a company’s practices and policies will first lead to a direct engagement on the issue with company counterparts at the working level and senior level, if needed.

ii. Monitoring Developments and Controversies in the Media

In addition to the review of existing partnerships every two years or after a merger or acquisition, the ICRC monitors the media for developments linked to partners on a weekly basis. The monitoring is carried out by the TRAK unit with support from the ESG audit service provider.

iii. Engaging with Partners

Along with its proactive and systematic monitoring system for partners, ICRC aims to maintain a frequent, transparent and constructive engagement with partners. This enables the ICRC to be a critical friend where appropriate.

VI. QUALITY CONTROL

In addition to the numerous checks and balances that have been built into the screening process (e.g. multiple sources of information, multi-stakeholder decision making, different directorates leading the screening and monitoring of partners) the following steps are implemented to ensure that the screening process is effectively and efficiently implemented:

1. A register of accepted and rejected donations and partnerships is shared with the ICRC Director General on a yearly basis;
2. The approval of amendments to the screening process and guidelines is done at the level of the Assembly, the ICRC's supreme governing body;
3. An audit team is tasked with reviewing the outcomes of the screening process at most every 4 years.