

## Guidelines on Ethical Engagement with For-Profit Enterprises

AOP believes that an end to poverty will require the focused commitment and resources of governments, civil society and business. Business activity necessarily has an impact on the local community, and multi-national for-profit enterprises often have significant influence in global debates of relevance to AOP's mission.

For-profit enterprises can provide valuable financial support for AOP's global activities, contribute advice and technical expertise to the organisation, and act as program partners. Based on over 40 years of direct field experience, AOP can also provide advice and expertise to for-profit enterprises on how they can improve their business practices for the benefit of their employees, local communities, and ultimately their shareholders.

In addition to joint-programming partnerships, AOP's engagement with the for-profit sector may range from direct corporate donations, or grants from company trusts, through to the provision of advice on corporate social responsibility (CSR), other fee-for-service consulting arrangements, payroll giving and matching gifts, cause-related marketing, contributions-in-kind, licensing, marketing promotions, and event sponsorship.

At times, AOP may also choose to advocate for improvements in corporate practice, with individual for-profit enterprises or an industry, where doing so would improve the lives of poor and marginalised people in the developing world.

Overall, AOP's policy is to enter into a range of corporate partnerships with the end goal of building a world where all people live in dignity and security. AOP will partner with for-profit enterprises concerned about the impact of their business on local communities, as well as those for-profit enterprises which demonstrate openness to changing potentially harmful business practices, or improving the overall social impact of their operations. We will develop partnerships which allow us to achieve our mission while also protecting the quality of our work in the field.

### Nature of these guidelines

The following guidelines are intended to apply as the *minimum standard* for engaging with the corporate sector for program, marketing and/or advocacy purposes.

### Guiding principles

Wherever potential partnerships originate with AOP, the following principles will provide guidance in discerning whether or not to engage with a corporation:

- The relationship will enhance AOP's ability to achieve our mission.
- The for-profit enterprise will have a history of open dialogue with NGOs and a stated commitment to corporate social responsibility that is borne out in its business practices. (Where such a history cannot adequately be demonstrated, AOP may still engage with a corporation who clearly intends to now build such positive practices.)
- The partnership will be based on transparency and mutual benefit. All costs for implementing and sustaining the partnership -- including staff time -- must be included and accounted for.

- AOP prefers to engage with corporate partners with a view to building a relationship that is sustainable over the long-term.
- AOP will not endorse a product(s) and will provide no guarantees or preferences for procuring a company's product(s).
- AOP will share these guiding principles with its corporate partners, as appropriate.

### **Industries with which AOP will not engage**

AOP will not engage with industries where the product produced or service offered is in itself so antithetical to our vision of a world where all people live in dignity and security that a discussion of how to improve business practices would not be relevant. These necessarily include:

- For-profit enterprises whose material business is the manufacture or distribution of weapons.
- For-profit enterprises whose material business is the production and/or distribution of pornography.
- For-profit enterprises whose material business is the production and/or distribution of illicit substances or tobacco products.

In cases where the AOP Board, on the advice of the AOP Ethics Committee considers a corporation's corporate practice to be inherently harmful or objectionable such as exploitative child labour practices, AOP will not engage with that corporation.

### **Fee-for-service or consulting arrangements**

Because AOP believes strongly that business must play an active role in building a world where all people live in dignity and security, we may consider engaging with For-Profit Enterprises on a consultancy basis if it assists local communities. (One example of this would be AOP advising a corporation on developing programs to address HIV/AIDS in the workplace.)

For AOP, these types of partnerships must demonstrate real potential for improving the lives of those we serve. In these cases, it is a clear commitment to achieving socially responsible and sustainable business practices that will drive AOP's decision to engage.

### **Conversations with multi-national for-profit enterprises**

In exploring a potential partnership, AOP wishes to engage for-profit enterprises in an open and transparent conversation along the following lines:

- Does the company have policies dedicated to ensuring corporate social responsibility, and staff actively engaged in their implementation?
- To what extent are such policies able to be followed through consistently in business activities? How does the corporation monitor and meet the challenges of implementing such policies?
- How does the company engage with NGOs and the broader community?
- To what extent does the parent company directly control the business activities of local subsidiaries? Are they also obligated to uphold and report on adherence to corporate social responsibility policies?

AOP expects mutual transparency and openness to dialogue in its partnerships and to engage with its partners at a meaningful level within the corporation.

## **Due diligence and risk assessment**

AOP seeks to balance adequate due diligence and risk management with speed and flexibility in order to build effective relationships with partners.

Due diligence: AOP will assess risks related to:

- The potential risk to AOP's image and reputation with the broader public, our donors and existing partners based on negative publicity about the corporation or current allegations of harmful business practice;
- Company activities and alleged activities which may reflect poorly on AOP or be explicitly counter to our mission of ending poverty (e.g. allegations of illegal labour practices). This assessment should include risks that may be outside of a corporation's control but still have a harmful impact on poor and marginalised communities;
- The ability of the corporate partner to commit financially to a sustainable partnership or to sustain costs associated with the partnership;
- Conflict of interest for either AOP or its for-profit partner when considering possible partnership or collaboration - to ensure that financial considerations and interests do not cloud the judgment of either party.

Risk assessment is based on the potential impact and opportunity for AOP as a whole. (AOP's Risk Assessment policy is available for guidance).

## **Reporting**

Advice will be sought from AOP's Board and Ethics Committee prior to the formulation of any agreement to work with a for-profit enterprise.

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