# Peacebuilding Business Criteria

## Core issues

### Introduction

The Peacebuilding Business Criteria (PBBC) were developed by PeaceNexus to clarify how companies can contribute to the stabilisation of fragile states. The goal was to simplify and harmonise the competing answers that different experts have for this question.
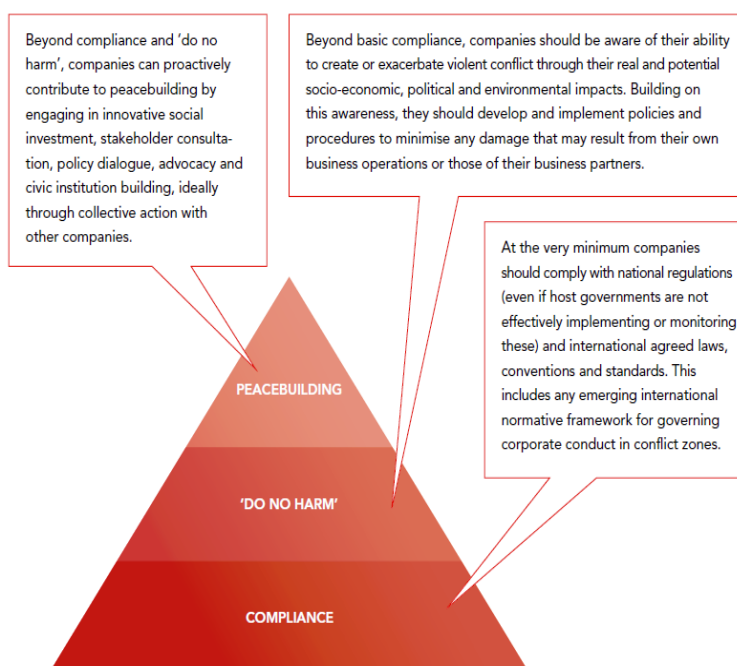
### Scope

The Peacebuilding Business Criteria are intended for businesses that operate in fragile and conflict-affected states. Rather than emphasize compliance, the aim of PBBC is to identify good practice and recommend business policy and action that contributes to conflict prevention and stabilisation.

### Relation to existing standards

There exist a range of standards and guidelines that apply to businesses operating in conflict-affected contexts. The Peacebuilding Business Criteria are not intended to replace or supersede these resources. The role of the PBBC is to synthesize the materials available and adapt them to serve as a complement to existing environmental, social, and governance (ESG) as well as human rights standards applied in the financial sector. The premise of the PBBC is the idea that companies have an interest in stability, and hence focus on behaviours that proactively promote peaceful and resilient environments. In the diagram presented at left, this level of engagement is reflected at the top of the pyramid -- positive peacebuilding impact – with the assumption that all underlying criteria are already met.[i]



Beyond compliance and 'do no harm', companies can proactively contribute to peacebuilding by engaging in innovative social investment, stakeholder consultation, policy dialogue, advocacy and civic institution building, ideally through collective action with other companies.

Beyond basic compliance, companies should be aware of their ability to create or exacerbate violent conflict through their real and potential socio-economic, political and environmental impacts. Building on this awareness, they should develop and implement policies and procedures to minimise any damage that may result from their own business operations or those of their business partners.

At the very minimum companies should comply with national regulations (even if host governments are not effectively implementing or monitoring these) and international agreed laws, conventions and standards. This includes any emerging international normative framework for governing corporate conduct in conflict zones.

PEACEBUILDING

'DO NO HARM'

COMPLIANCE

*Crosscutting activities: Analysis and Advocacy*

Two basic strategies – context analysis and advocacy – cut across company policies that positively impact peace.

### 1. Context analysis and monitoring

Companies working in fragile and conflict contexts should carefully analyse and continuously observe the context and stakeholders related to each issue area.

- 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*
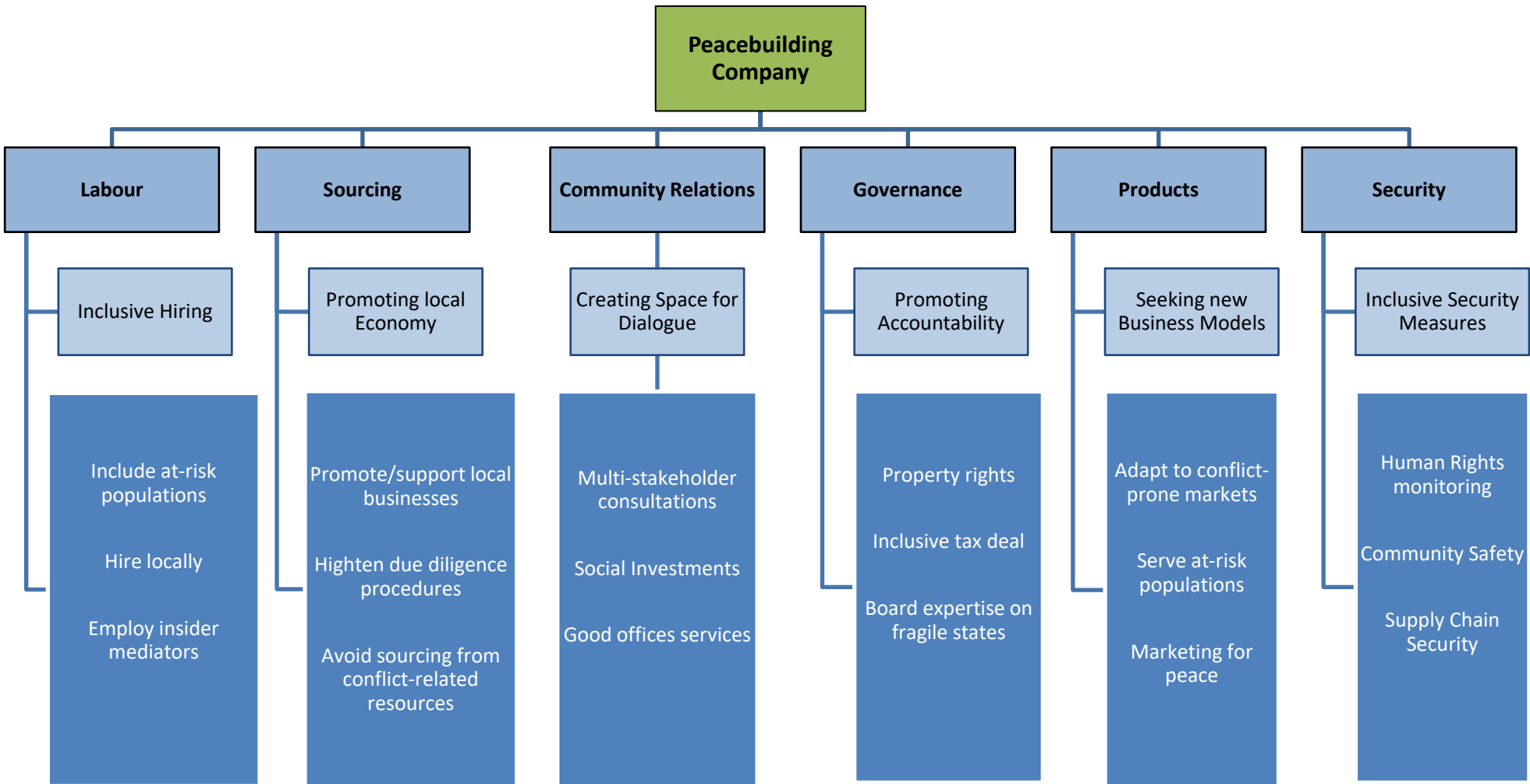
### 2. Advocacy

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

- Addressing divides between national and international standards – *promoting international business standards*
- Addressing needs of local populations (address lack of public services, exclusion and discrimination, land issues, security gaps) – *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 labour conditions, transparency on contracting and taxes, fighting red tape etc.) – *building business peace coalitions*

*Structure*

Given the intended financial application of these criteria, the following structure has been adopted:
- The criteria have been grouped under six overarching **issues**: Labour, Sourcing, Community Relations, Governance, Product and Security.
- Under each area there are **key objectives**, such as 'Inclusive Hiring' or 'Creating Space for Dialogue'.
- Under each objective, there are a number of **indicators**, which elaborate on the activities that a peacebuilding business would pursue on that issue. These indicators are further explained on pages 4-5.

**Peacebuilding Company**

**Labour**
- Inclusive Hiring
  - Include at-risk populations
  - Hire locally
  - Employ insider mediators

**Sourcing**
- Promoting local Economy
  - Promote/support local businesses
  - Highten due diligence procedures
  - Avoid sourcing from conflict-related resources

**Community Relations**
- Creating Space for Dialogue
  - Multi-stakeholder consultations
  - Social Investments
  - Good offices services

**Governance**
- Promoting Accountability
  - Property rights
  - Inclusive tax deal
  - Board expertise on fragile states

**Products**
- Seeking new Business Models
  - Adapt to conflict-prone markets
  - Serve at-risk populations
  - Marketing for peace

**Security**
- Inclusive Security Measures
  - Human Rights monitoring
  - Community Safety
  - Supply Chain Security

## Labour Practices

Set and implement **inclusive hiring policies** that acknowledge and as best as possible address divisions within society:
- Explore diversity standards or affirmative action programs to ensure *inclusion of at-risk populations* (minorities, women, unemployed youth, ex-combatants) into your workforce. 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 neighbourhood.
- Encourage your business partners to apply inclusive hiring policies.
- Hire *insider mediators* to deal with inter-group conflicts within the workforce.

## Sourcing and Distribution

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').
- Encourage diversity among your suppliers (e.g. business partners owned by representatives of minority groups).

## Community Relations

**Create spaces for dialogue** on issues affecting the company and 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 as a result of broad consultation.
- Offer *good offices services* by providing safe and neutral spaces for mediation between armed groups, the government, and other relevant stakeholders.

## Governance

Promote high standards of **transparency and accountability** both within the company and through 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.*

| Security |
|---|
| Adopt an inclusive approach to **company and community security** that involves local community members, local police and, if meaningful, business partners:<br><br>    ▫ *Record and report human rights abuses* in your neighbourhood to stakeholders that can take action (government, UN forces, company security).<br>    ▫ *Promote community safety* where your workers live.<br>    ▫ Incorporate provisions for *supply chain security* to protect business partners. |

| Product |
|---|
| **Adapt your business model** in favour of specific needs of consumers in conflict-prone contexts:<br><br>    ▫ Develop products based on a *conflict-sensitive market analysis and problem-solving objectives* in fragile societies (e.g. lacking public services in energy, infrastructure, health, education etc.).<br>    ▫ Especially *serve consumer needs of at risk populations* (e.g. women, youth, ex-combatants, minority groups etc.).<br>    ▫ Leverage your products potential to strengthen the bases of peace.<br>    ▫ Market your products with a *pro-peace perspective*. |

## Key Questions

The following questions provide an introduction to the main themes of peacebuilding as a means to start the conversation. They do not capture the full scope of the peacebuilding criteria.

1. Do you conduct a systematic process of conflict analysis and stakeholder mapping to inform your business decisions?  How?
2. Do you conduct regular monitoring and stakeholder consultation? How?
3. Do you allow local actors to express concerns about your activities and provide effective grievance and remediation mechanisms? How?
4. Do your hiring practices aim to promote social inclusiveness and create jobs for the local population? How?
5. Do you conduct due diligence to ensure that no business in your supply chain is contributing to violent conflict? How?
6. Do you target your social investment to address the needs of communities affected by your operations in a way that benefits all groups in those communities? How?
7. Do you take a consultative approach, premised on broad community acceptance, to acquiring or accessing land for your business? How?
8. Do you work with government, other businesses, and community stakeholders to promote international standards on human rights principles and the accountability of institutions? How?
9. Do you incorporate performance standards related to conflict-sensitivity or peace promotion (such as maintaining good stakeholder relations, or conducting thorough due diligence) into contracts, at both the operational and executive level? How?
10. Do your company governance or management models include specific provisions and expertise regarding conflict-affected environments?
11. Do you adapt your business model in favour of specific needs of consumers and producers in fragile and conflict-prone contexts? How?
12. Do you engage with police and militia to develop a sustainable and inclusive security approach around your operations and neighbouring communities? How?

# About the PeaceNexus Foundation

PeaceNexus Foundation's core mission is to provide peacebuilding-relevant actors – 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 provide tailored advisory services to **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.

---

[i] Strategies for managing corporate-conflict risk, Banfield et al. 2003, in Multinationals and Conflict, Mark van Dorp, SOMO, December 2014, https://www.somo.nl/wp-content/uploads/2014/12/Multinationals-and-Conflict-1.pdf