FRAMEWORK ON ENGAGING WITH THE PRIVATE SECTOR TO MOBILIZE SUPPORT
# CONTENTS

INTRODUCTION ....................................................................................................................... 3

OBJECTIVES .......................................................................................................................... 3

GUIDING PRINCIPLES ........................................................................................................... 4

SCOPE OF APPLICATION ...................................................................................................... 4

TWO-TIERED APPROACH: ETHICAL FRAMEWORK AND DUE DILIGENCE PROCESS ...... 5

TIER ONE: ETHICAL FRAMEWORK ...................................................................................... 6

TIER TWO: DUE DILIGENCE PROCESS .................................................................................. 7
  Due Diligence Levels ............................................................................................................. 8
  Risk Level and Approval ........................................................................................................ 8
  Ongoing Monitoring ............................................................................................................... 8

ACCOUNTABILITY AND GOVERNANCE .............................................................................. 9
  Review Committee for Private-Sector Donors and Partners .............................................. 9
  Audits and Accountability ...................................................................................................... 9

ANNEX 1: SCOPE AND APPLICATION OF THE FRAMEWORK ........................................ 10
  By Entity ............................................................................................................................. 10
  By Engagement .................................................................................................................... 10

ANNEX 2: ESG SCREENING PARAMETERS ....................................................................... 11
INTRODUCTION

The International Committee of the Red Cross (ICRC) is an impartial, neutral and independent organization whose exclusively humanitarian mission is to protect the lives and dignity of victims of armed conflict and other situations of violence and to provide them with assistance.

In the service of this mission, we undertake to work with the public and private sectors to secure resources and expertise to achieve greater and more sustainable humanitarian impact.

We seek to diversify the sources of our funding, in part by increasing the share of private-sector support, partnering with development actors and international financial institutions, and exploring innovative means of financing.

Furthermore, successive ICRC institutional strategies have spelled out our ambition to place partnerships at the centre of our humanitarian response, encouraging a broad range of engagement with stakeholders from the International Red Cross and Red Crescent Movement, as well as the public and private sectors. “Working with others” is one of our critical strategic orientations; this framework is intended to facilitate our ambition.

In our efforts to mobilize resources from and to forge partnerships with private-sector entities, we recognize the need to maintain our neutral, impartial and independent approach to humanitarian action and the importance of managing the ensuing opportunities and risks. In this regard, the present document sets out a two-tiered approach:

• first, it establishes the foundations of our ethical framework through a set of exclusion criteria that disqualify private-sector entities that are engaged in certain business sectors or practices from providing support to the ICRC.
• second, it establishes the parameters of the due diligence process applied when considering private-sector support, with the aim of assessing whether an engagement will preserve or enhance our capacity to operate, reputation and ability to secure other types of support.

OBJECTIVES

Through its two-tiered approach, this framework serves the following objectives.

**Ground resource mobilization in a strong ethical framework:** Using a set of exclusion criteria, we identify private-sector entities whose activities or conduct are incompatible with our mission and mandate, principled humanitarian action and the Statutes of the International Red Cross and Red Crescent Movement.

**Enhance our capacity to fulfil our humanitarian mission:** In applying a solid due diligence process, we carefully weigh the opportunities and risks associated with potential private-sector support. We take informed decisions and manage operational and reputational risks, thus seeking to consolidate the trust of both external and internal stakeholders in the organization and its functioning.

**Enhance our capacity to mobilize resources from private-sector entities:** Our due diligence process is adapted to the type of private-sector support under consideration. Related efforts are efficient and commensurate with the potential operational and reputational risks involved.

**Complement ICRC and International Red Cross Red Crescent Movement reference documents and past practice and integrate a broader institutional risk-management approach:** We adhere to the Ethical Principles Guiding the ICRC’s Partnerships with the Private Sector, the Movement Policy for Corporate Sector Partnerships and the Movement-Wide Principles for Resource Mobilization. The present framework serves as an update to the 2017 ICRC Guidelines for the Screening of Corporate

---

1 In this document, the expression “private-sector support” comprises relationships such as donations, campaigns, investments in financial mechanisms and partnerships, whereby a private-sector entity (such as a company, foundation, investor or high-net- or ultra-high-net-worth individual) provides financial or other forms of support (such as gifts in kind, expertise or skills) that enhance the ICRC’s capacity to deliver on its humanitarian mission.
Donors and Partners and is accompanied by an internal technical guidance document that details the practical implementation mechanisms.

**Build internal cohesion:** Through the combination of a strong ethical framework, a solid due diligence process and a cross-departmental Review Committee that governs the screening process, we pursue a rigorous approach to private-sector support, which enhances coherence and transparency internally and ensures adhesion across the organization.

**Create bridges between our resource-mobilization efforts and humanitarian diplomacy with the private sector:** As private-sector entities are potential conduits for humanitarian diplomacy, engagement with them on potential support generates opportunities for advocacy and joint action.

**Ensure that private-sector entities are subject to reassessment:** Private-sector entities providing support over several years are reassessed regularly to track possible changes in their structure, operations or practices that might require review or cessation of the relationship.

**Enhance predictability and accountability:** We aim to build trust among all our stakeholders by making public the framework for assessing private-sector support. By so doing, our position as a responsible steward of funds and principled partner will be strengthened.

### GUIDING PRINCIPLES

Potential private-sector support is assessed in a manner that is:

- **Holistic:** Assessments of private-sector entities take into account their past challenges as well as their efforts to improve practices. This, in turn, facilitates risk management and create opportunities for the ICRC to engage with private-sector entities on issues of humanitarian concern.
- **Efficient:** The process enables an optimal use of resources by matching the level of due diligence to the potential risks involved.
- **Results-oriented:** It systematically considers whether potential support from private-sector entities will enhance our ability to fulfil our humanitarian mandate, all other things being equal.
- **Balanced:** Assessments consider potential upsides and downsides of a given relationship, balancing the expected benefits and the associated risks, in light of identified mitigation measures.
- **Pragmatic:** The process also provides the flexibility needed to appropriately and fairly deal with unconventional cases.
- **Transparent:** It is documented and involves key internal stakeholders to ensure accountability, trust and consistency in decision-making.

### SCOPE OF APPLICATION

This framework applies to all potential resource-mobilization engagements between private-sector entities and the ICRC.

The term private-sector entity encompasses companies, foundations, and other private charitable organizations and individuals (e.g. high-net- or ultra-high-net-worth individual donors) that wish to support the ICRC.

This framework applies to support from private-sector entities that takes one of the following forms:

1. **one-off donations**, such as cash donations, grants or gifts in kind of a value exceeding CHF 100,000
2. **longer-term funding agreements**, such as multi-year donations or fundraising alliances to support the ICRC over a determined period of a value exceeding CHF 100,000
3. **investments**, such as direct allocations of money above CHF 100,000 into a New Financing Model structure, with the expectation of a return (i.e. principal repaid with interest)
4. **campaigns**, such as joint fundraising initiatives or cause-related marketing to support the ICRC over a determined period, if they feature a public association of image or are valued at more than CHF 100,000
5. **partnerships**, that is formalized and collaborative relationships with private-sector entities that are intended to mobilize financial, technical or in-kind support to the ICRC’s mission and mandate.

It should be noted that all engagements above CHF 10,000 are reviewed to ensure compliance with the ICRC’s exclusion criteria (see below). However, the ICRC does not conduct full due diligence assessments on support valued at less than CHF 100,000.

This framework does not apply to relationships with National Red Cross and Red Crescent Societies, universities, think tanks, NGOs and other humanitarian organizations, which are not considered private-sector entities for these purposes. Moreover, it does not apply to supplier or other business relationships that the ICRC has with private-sector entities or to the ICRC’s engagement on responsible business practices with companies operating in conflict-prone areas.

This framework may be applied on an ad hoc basis, in part or in full, in the process of screening support provided from other types of actors or otherwise not taking any of the forms described above.

Annex 1 provides a more detailed presentation of which entities and forms of support are considered “in scope” or “out of scope” for the sake of this framework.

**TWO-TIERED APPROACH: ETHICAL FRAMEWORK AND DUE DILIGENCE PROCESS**

The contents of this document are derived from the ICRC’s mandate and the Statutes of the International Red Cross and Red Crescent Movement. It is also informed by the Ethical Principles Guiding the ICRC’s Partnerships with the Private Sector, affirming in broad terms that:

1. as a matter of absolute priority, the ICRC shall not accept any support from a company, foundation or individual if this might endanger the capacity of the organization to carry out its mandate in accordance with its neutral, impartial and independent approach and if these entities’ policies and/or activities fundamentally contradict the International Red Cross and Red Crescent Movement’s principles or Statutes or the specific mandate of the ICRC
2. the ICRC shall assess the potential positive and negative impacts of any engagement with a company, foundation or individual regarding its public image and reputation.

Collectively, these points determine what types of private-sector entities we are willing or able to engage with as supporters. They also acknowledge that relationships with private-sector entities can engender risks to our ability to operate and our reputation.

Accordingly, this framework establishes a two-tiered approach to assessing potential private-sector support.
TIER ONE: ETHICAL FRAMEWORK

This framework applies a set of exclusion criteria, which constitute the ethical basis for our engagement with private entities interested in providing support.

Exclusion criteria identify the situations that automatically preclude us from accepting any form of support from a private-sector entity. These criteria focus narrowly on business practices and sectors of activities that present a clear contradiction with our humanitarian mission and a reputational risk for the organization. There are clear thresholds that can be identified and objectively measured.

EXCLUSION CRITERIA

<table>
<thead>
<tr>
<th>Conduct contrary to the ICRC’s mission and mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Involvement and/or complicity in gross violations of human rights or international humanitarian law</td>
</tr>
<tr>
<td>2. Direct contributions to armed conflicts, internal disturbances and tensions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Involvement in sectors contrary to the ICRC’s mission and mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Illegal and controversial weapons</td>
</tr>
<tr>
<td>4. Conventional weapons</td>
</tr>
<tr>
<td>5. Military sales</td>
</tr>
<tr>
<td>6. Pornography and adult entertainment services</td>
</tr>
</tbody>
</table>

The thresholds linked to the excluded sectors have been framed in a manner to provide a categorical basis for refusal. In other words, based on available information sources furnished by third-party providers, these thresholds enable a quick determination whether support from a given private-sector entity should be refused without any further consideration.²

² The exclusion criteria directly apply to companies by virtue of their conduct or sector of activities. For individuals and foundations, the ICRC assesses linked corporate entities up to a specified degree of association.
TIER TWO: DUE DILIGENCE PROCESS

The due diligence process applies different levels of due diligence research, with greater levels of scrutiny for deeper potential engagement. Private-sector support that through its form, duration or visibility creates a lasting association of image in the mind of the public between a private-sector entity and the ICRC is assigned a more stringent level of due diligence. Private-sector support that is limited in time and does not trigger any form of association of image is assigned a lower level of due diligence.

The due diligence process then classifies engagements by risk level to determine who approves them internally and how they are monitored. This risk level is determined by the type, activities and the environmental, social and governance (ESG) performance of the private-sector entity. In this manner, we carefully weigh the risks of engaging with entities involved in certain sectors of activity and dynamically analyse the business practices of prospective partners. Annex 2 sets out the ESG screening parameters underpinning the ICRC’s due diligence process.

The due diligence process is as follows.

**Step 1** Assign due diligence level based on type of engagement.

**Step 2** Conduct due diligence research with increased depth per level.

**Step 3** Assign risk level and approve or reject engagement.

---

**Assign due diligence level**

- **Partnerships**
  - Level 3: Enhanced due diligence
  - Partnership and integrity assessment

- **Longer-term fundraising engagements**
  - Level 2: Standard due diligence
  - ESG screening

- **One-off donations and investments**
  - Level 1: Essential due diligence
  - Exclusion criteria

---

**Step 2**

Conduct due diligence research with increased depth per level.

**Level 3**
- Enhanced due diligence
- Partnership and integrity assessment

**Level 2**
- Standard due diligence
- ESG screening

**Level 1**
- Essential due diligence
- Exclusion criteria

---

**Assign risk level and approve or reject engagement.**

- **High**
  - Review Committee to approve or reject

- **Medium**
  - Escalation possible

- **Low**
  - Resource mobilization function to approve or reject

- **None**
  - No action necessary

---

**Step 1** Based on the type of engagement, due diligence is assigned one of three levels:

- **essential due diligence** – confirms the entity does not violate the ICRC’s exclusion criteria

- **standard due diligence** – includes an assessment of the entity’s ESG performance

- **enhanced due diligence** – further includes an assessment of an entity’s integrity measures and risk-management capacity.

**Step 2** A due diligence assessment is conducted to the required level of stringency (see Due Diligence Levels).

**Step 3** Based on the results of the due diligence, a risk level (low, medium, high) is assigned that determines the appropriate level of institutional approval for the relationship (see Risk Level and Approval).
**DUE DILIGENCE LEVELS**

**Essential due diligence:** Entities subject to essential due diligence are reviewed against the exclusion criteria. Essential due diligence research verifies that an entity is not materially affiliated with the excluded sectors or engaged in conduct that is directly contrary to our mission and mandate.

**Standard due diligence:** Entities subject to standard due diligence are assessed with essential due diligence treatment, and then are reviewed through additional ESG screening. This uses a mix of external ESG metrics and parameters specific to the International Red Cross and Red Crescent Movement to weigh an entity’s performance. This screening serves to flag issues that may present potential risks for our operations and reputation. It also highlights issues that reflect favourably on an entity’s future business practices and reputation, and its suitability for a resource-mobilization engagement with us.

This level of due diligence is designed to flag any controversies and risks that are not captured by our exclusion criteria. It typically applies to relationships that go beyond simple one-off donations and ensures that in these cases we engage with entities that are not likely to become a liability for our operations or reputation.

**Enhanced due diligence:** When the support being considered involves a form of partnership, a further layer of due diligence is applied that focuses specifically on the prospective partner’s integrity measures and risk-management capacity. This assesses the likelihood that the prospective partner will be involved in controversies and its capacity to face crises with integrity.

**RISK LEVEL AND APPROVAL**

Following the due diligence assessment, entities are assigned a risk level (low, medium, high). This step serves to classify a generalized level of operational and perception risk for a specific engagement, in terms of likelihood and impact. The risk level indicates which entities should be monitored most closely and what level of management may approve any particular engagement.

Low-risk and medium-risk cases are approved at the level of the resource-mobilization function, with key ICRC stakeholders informed and given the ability to escalate to higher levels of management. High-risk cases are treated at the level of the cross-departmental Review Committee.

**ONGOING MONITORING**

Relationships lasting over a period of months or years, with a degree of public visibility, are subject to continuous monitoring to allow us to proactively identify new risks and emerging issues.

Monitoring and engagement are crucial aspects of our proactive risk-management approach. When material controversies with private-sector supporters emerge, the ICRC favours bilateral and confidential discussions to clarify issues of concern and seek possible remedies within the framework of the relationship.

If means of remedy are unsuccessful, and where an entity is either implicated in practices that clearly contravene our exclusion criteria or create a direct threat to our ability to operate or reputation, we may choose to terminate a relationship.

---

3 Engagements subject to essential due diligence are not assigned a risk level, since they do not undergo an ESG screening to weigh risks and benefits. They are approved at the level of the fundraising division.
ACCOUNTABILITY AND GOVERNANCE

REVIEW COMMITTEE FOR PRIVATE-SECTOR DONORS AND PARTNERS

The cross-departmental Review Committee, an institutional decision-making mechanism, monitors and is accountable for the implementation of this framework. The Review Committee supervises strategic decision-making related to the screening process, manages approvals for relationships with private-sector entities, and sets out related risk-mitigation measures. In representing key functions, it supports overall organizational readiness to ensure a sustainable and ethically responsible engagement in resource mobilization with private-sector entities.

The Review Committee further develops and ensures the continued appropriateness of the internal technical guidance document and oversees the screening of all private-sector support that falls within the scope of this framework. It also discusses and decides on engagements with private-sector entities that are considered high-risk in the screening process and oversees general risk management and the termination of relationships, where required. It is one of the key decision-making mechanisms in the ICRC’s governance for principled fundraising.

AUDITS AND ACCOUNTABILITY

In addition to the numerous checks and balances that have been built into the screening process (e.g. multi-stakeholder decision-making, involvement of different departments in supervising the screening of potential private-sector support, use of multiple sources of information), the following steps have been designed to ensure the effectiveness of the screening process:

- This framework, and future amendments to it, are approved by the ICRC’s Assembly.
- The accompanying technical guidance document is approved and managed by the Review Committee.
- Periodic reviews of the outcomes of the screening process will be carried out.
ANNEX 1: SCOPE AND APPLICATION OF THE FRAMEWORK

**BY ENTITY**

- National Red Cross and Red Crescent Societies
- Universities and other academic institutions
- Think tanks and non-profit research institutions
- UN organizations
- NGOs (international, national and local)
- International financial institutions
- National and supranational development banks or agencies

Not subject to review

Subject to review if engagement in scope (see below)

**BY ENGAGEMENT**

<table>
<thead>
<tr>
<th>Engagement</th>
<th>&lt; CHF 100,000</th>
<th>&gt; CHF 100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-off donations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-year donations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campaigns</td>
<td>No public association of image and &lt; CHF 100,000</td>
<td>Public association of image and/or &gt; CHF 100,000</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Small-scale or technical relationships with limited public association of image and in-kind value &lt; CHF 100,000</td>
<td>Relationships to mobilize financial or human resources</td>
</tr>
</tbody>
</table>

Exclusion criteria check (informal)

Due diligence process (formal)
ANNEX 2: ESG SCREENING PARAMETERS

We apply an ESG approach to screening longer-term engagements, in line with the parameters below. These parameters are assessed via information obtained from third-party ESG providers and allow objective assessment of an entity’s performance and suitability for resource-mobilization engagements. The parameters labelled [++] reflect particular concerns of the International Red Cross and Red Crescent Movement and warrant a high degree of scrutiny and caution.

This framework allows for quick and efficient benchmarking of private-sector entities relative to their affiliated sector. The parameters capture ratings of an entity’s performance, risk exposure and management capacity, as well as specific risks stemming from an entity’s business practices. They also capture positive practices and indications of an entity’s suitability for resource-mobilization engagement with us.

**ESG SCREENING**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity has political, religious or ideological affiliations which run counter to Movement Principles.</td>
<td>++</td>
</tr>
<tr>
<td>Entity manages its operations in a way that exacerbates conflict, internal disturbances or tensions.</td>
<td>++</td>
</tr>
<tr>
<td>Entity manages its operations in a way that creates adverse community impact and/or humanitarian needs.</td>
<td>++</td>
</tr>
<tr>
<td>Entity linked to products or services controversial to humanitarian work.</td>
<td>++</td>
</tr>
<tr>
<td>Entity linked to unhealthy products (alcohol, tobacco, unhealthy food and beverages).</td>
<td>++</td>
</tr>
<tr>
<td>Entity linked to addictive products or services (e.g. gambling).</td>
<td>++</td>
</tr>
<tr>
<td>Entity performs in the bottom quartile in ESG performance in its sector.</td>
<td>++</td>
</tr>
<tr>
<td>Entity reluctant to engage in dialogue even though involved in major ESG-related controversies.</td>
<td>++</td>
</tr>
<tr>
<td>Entity involved in violation of national laws and regulations.</td>
<td>++</td>
</tr>
<tr>
<td>Entity violating sanctions established by the UN Security Council or by multilateral organizations.</td>
<td>++</td>
</tr>
<tr>
<td>Entity has an unorthodox corporate structure or is involved in an offshore tax heaven.</td>
<td>++</td>
</tr>
<tr>
<td>Entity accused of violations of basic human rights.</td>
<td>++</td>
</tr>
<tr>
<td>Entity accused of violations of basic labour rights.</td>
<td>++</td>
</tr>
<tr>
<td>Entity accused of depletion of the environment and/or environmental degradation and pollution.</td>
<td>++</td>
</tr>
<tr>
<td>Entity has a large carbon footprint and/or fails to make contributions to transitioning to a low-carbon economy.</td>
<td>++</td>
</tr>
<tr>
<td>Entity or its employees accused of misconduct linked to corruption and fraud.</td>
<td>++</td>
</tr>
<tr>
<td>Entity accused of non-inclusionary practices (racism, sexism, rejection of minorities, etc.).</td>
<td>++</td>
</tr>
<tr>
<td>Entity performs in the top quartile in ESG ratings performance in its sector.</td>
<td>++</td>
</tr>
<tr>
<td>Entity is ranked in major sustainability indexes (FTSE4Good, DJSI World, etc.).</td>
<td>++</td>
</tr>
<tr>
<td>Entity shows a positive attitude to input from actors/partners aimed at improving their business practices in a way that promotes social responsibility.</td>
<td>++</td>
</tr>
<tr>
<td>Entity promotes the education, health and social welfare of their employees and community to an extent that goes beyond what the law requires.</td>
<td>++</td>
</tr>
<tr>
<td>Entity makes an active contribution to the sustainable development goals and/or is an active contributor to UN Global Compact initiatives.</td>
<td>++</td>
</tr>
<tr>
<td>Entity has a track record of positive diversity and inclusion practices.</td>
<td>++</td>
</tr>
<tr>
<td>Entity is considered a desirable partner for expanded future collaboration.</td>
<td>++</td>
</tr>
<tr>
<td>Entity has a track record of philanthropic giving.</td>
<td>++</td>
</tr>
<tr>
<td>Entity has social capital and a network to enhance ICRC fundraising and partnership ambitions.</td>
<td>++</td>
</tr>
</tbody>
</table>

**Cover photo:** Badakhshan, Faizabad, Afghanistan. View of the city from an ICRC vehicle.