

BUSINESS CALL TO ACTION

**MANAGEMENT ACTION PLAN IN RESPONSE TO UNDP ADMINISTRATOR ISSUE DECISION AND
RECOMMENDATIONS OF UNDP'S SOCIAL AND ENVIRONMENTAL COMPLIANCE UNIT REVIEW REPORT
ON CASE SECU0002**

STATUS UPDATE

JANUARY 15, 2018

BACKGROUND

On **18 February 2016**, the [Social and Environmental Compliance Unit](#) (SECU) within the UNDP Office of Audit and Investigations (OAI) registered a complaint from the Bugala Farmers Association (BFA) of Uganda relating to the BCtA project. The complaint asserted that BCtA's admission of Bidco Africa (Bidco), a Kenya based multinational consumer-goods company, onto the BCtA platform violated UNDP's Social and Environmental Standards (SES). The grievances expressed against Bidco largely relate to Bidco's involvement in a palm oil farm in Kalangala, Uganda; while Bidco's commitment to BCtA is in Kenya.

On **February 10, 2017** SECU shared the Final Compliance Review report for this case (case # SECU0002), which is available on SECU's case registry [here](#).

In response to SECU's recommendations mentioned in Section VI of the aforementioned report, and following the UNDP's Administrator issued Decision on **February 13, 2017**, a management action plan was prepared.

This **January 15, 2018**, status update provides confirmation of status along with relevant documentation for all of the management actions and is intended for internal purposes to inform the SECU monitoring report.

BCtA Management Action Plan in response to Administrator Decision of Case SECU0002

Administrator Decision on case no. SECU0002 Issued February 13	Key Actions	Deliverable	Deadline	Status Update as of January 15, 2018
<p>1. To ensure that UNDP's standards are strictly followed in all partnerships to which UNDP is a party, I have called on BCtA to adopt UNDP's <i>Policy on Due Diligence and Partnerships with the Private Sector</i> in screening all existing and new applicants, the ongoing review process already addressing relevant recommendations of the SECU report</p>	<p>BCtA Secretariat confirms that it has already adopted UNDP's <i>Policy on Due Diligence and Partnerships with the Private Sector</i>. In line with the policy it will update any due diligence conducted more than two years ago on all active commitments. Finally, it will make sure that all companies with active commitments have a risk assessment tool report in place</p>	<p>Identify Risk Assessment Profiles of existing BCtA member companies with active commitments that require update to comply with full Risk Assessment Tool, consistent with UNDP Policy on Due Diligence and Partnerships with the Private Sector. (For companies that as per the policy do not require full RAT, provide justification for limited due diligence and identify how key ESG concerns will be addressed).</p>	<p>April 30, 2017</p>	<p>Completed and shared on April 30th</p> <ul style="list-style-type: none"> • List detailing identified Risk Assessment Profiles that require update • Email communication
		<p>Conduct full due diligence process and complete updated RATs for the identified companies, consistent with UNDP's Policy on Due Diligence and Partnerships with the Private Sector, and share with UNDP Development Impact Group (DIG) for their review.</p>	<p>July 31, 2017</p>	<p>Completed and shared on July 31st</p> <p>All RATs are confidential, available internally here. See email communication.</p> <p>Total number of updated RATs for active BCtA members: 36</p>

		Update Risk Assessment Profiles of BCtA member companies with active inclusive business initiatives whose due diligences exceeded 3 years, consistent with UNDP Policy on Due Diligence and Partnerships with the Private Sector.	August 31, 2017	<p>Completed by August 31st All RATs are confidential, available internally here. See email communication.</p> <p>Total number of updated RATs for active BCtA members whose RATs have expired: 32</p>
2. To fully respond to all the recommendations of SECU's final report, the BCtA Secretariat is requested to present by end-February 2017 a plan with time-bound key actions that will ensure compliance with UNDP's corporate policies and Social and Environmental Standards and will strengthen risk mitigation throughout the engagement with private sector partners.	Develop and submit to UNDP a detail implementation plan to execute the recommendations in the SECU final report	Plan is approved by UNDP	March 10th	<p>Completed and submitted to SECU on March 1st BCtA Management Plan submitted to BPPS Directorate and DIG for approval on February 28, 2017. Cleared and submitted to SECU on March 1st, 2017. See submission email.</p>
3. In line with the recommendation of SECU's report, UNDP commits to conducting by 31 March 2017 a full due diligence	To address this recommendation, and as per the final decision of the Administrator, BCtA will proceed with completing a	Full updated due diligence of Bidco Africa consistent with UNDP's full Policy on Due Diligence and Partnership with the Private Sector, and complete	March 31 st , 2017	<p>Bidco RAT updated and submitted to DSC.</p> <ul style="list-style-type: none"> • Due diligence completed and

<p>process of Bidco in accordance with UNDP's Policy on Due Diligence and Partnerships with the Private Sector, Risk Assessment Tool and Guidance to inform the decision of the BCtA Donor Steering Committee regarding future engagement with Bidco</p>	<p>full updated due diligence process by March 31st, 2017. This due diligence will be consistent with UNDP's full Policy on Due Diligence and Partnership with the Private Sector, and RAT.</p>	<p>RAT, technically reviewed by UNDP's Development Impact Group (DIG)</p>	<p>shared on March 31 (confidential RAT of Bidco and Annexes; email communication; subsequent updated RATs for Bidco, confidential).</p> <ul style="list-style-type: none"> • Language shared with SECU to update complainant and post on SECU Registry (June 22, 2017). • UNDP Senior Management decision taken on August 3 2017 to place the membership under review, pending the outcome of the ongoing court cases (see draft meeting notes) • Updated RAT and recommendation to put Bidco membership under review
--	--	---	---

				communicated to BCtA DSC on August 6, 2017 (link to email communication).
--	--	--	--	--

**BCtA Management Action Plan in response to Recommendations of the
Compliance Review Report of Case SECU0002**

SECU Recommendation (Quoted from Compliance Review Report)	BCtA Management Response	Deliverable	Deadline	Status Update as of January 15, 2018
<p><i>134. Screen the BCtA Phase II project to identify: (a) social and environmental risks and potential impacts associated with providing a platform for inclusive business and with downstream engagements of UNDP with private sector entities; and (b) measures to avoid and mitigate these risks and impacts;</i></p>	<p>BCtA agrees to screen the project using UNDP’s Social and Environmental Screening Procedure (SESP) for both the current Phase II ProDoc and its new Phase III ProDoc which is currently being finalized (2017-2019).</p>	<p>SESP for BCtA Phase II and Phase III will be completed</p>	<p>April 30, 2017</p>	<p>SESP completed SESP for BCtA Phase III completed prior to project approval. SESP included in the Phase III ProDoc approved and signed on June 13, 2017.</p> <p>The Phase III SESP covers continued Phase II activities as well as new Phase III activities.</p>
<p><i>135. Relatedly, for prospective members of the BCtA, require use of the Policy on Due Diligence and Partnerships with the Private Sector complemented by the complete Risk Assessment Tool (RAT). If the full RAT is not applied, explain in writing and in detail why it is not, and indicate how key concerns, e.g. human rights, environment, and labor, will otherwise be addressed.</i></p>	<p>The BCtA Secretariat will continue to use the Policy on Due Diligence and Partnerships with the Private Sector as it has and as stated in the current ProDoc. In addition, after realizing it had been using the old UNDP private sector due diligence form, BCtA has corrected that and has been using the complete RAT, since October 2015. Furthermore, since February 2016, BCtA has been sharing all of its draft RATs with UNDP’s Bureau for Policy and Programme Support’s Development Impact Group (DIG)</p>	<p>Due Diligence and RAT completed for all prospective BCtA members, and sent to UNDP’s Development Impact Group (DIG) for their technical compliance review.</p> <p>For those cases where, as per UNDP policy, limited due diligence can be conducted, BCtA will provide written justification and consideration for key ESG concerns.</p>	<p>On-going, since February 2016</p>	<p>Ongoing since October 2015 Since October 2015 BCtA has used the most updated RAT form; and since February 2016 BCtA has been sharing all prospective BCtA members due diligence documentation with UNDP’s DIG for their review and feedback.</p>

	for their comments and technical review, as another layer in the risk management process. As a final risk management step, aligned with the Prodoc, BCtA submits a summary of the company application and due diligence results to its Donor Steering Committee which takes the decision of accepting or not companies' commitments into BCtA.			
<i>136. For Bidco's membership in BCtA, provide documentation consistent with UNDP's full Policy on Due Diligence and Partnerships with the Private Sector, the complete Risk Assessment Tool, and Guidance, to ensure that due diligence with respect to Bidco's membership in BCtA is adequate and outcomes of the due diligence support Bidco's continued membership in BCtA.</i>	To address this recommendation, and as per the final decision of the Administrator, BCtA will proceed with completing a full updated due diligence process of Bidco by March 31 st , 2017. This due diligence will be consistent with UNDP's Policy on Due Diligence and Partnership with the Private Sector, and will use the RAT.	Full updated due diligence of Bidco Africa consistent with UNDP's Policy on Due Diligence and Partnership with the Private Sector, and complete RAT, reviewed by UNDP's Development Impact Group (DIG)	March 31 st , 2017	Completed by March 31st Bidco's full, confidential RAT was shared with BPPS Directorate and DIG. All the ensuing updates have been reflected accordingly; updated Bidco RATs uploaded here , confidential.
<i>137. Ensure attention to the correct definition of 'risk' during the screening process, and, in particular, change consideration of 'risk' from risk that exists after possible mitigation measures to risk as it exists prior to mitigation measures, e.g., risk as</i>	Business Call to Action Secretariat will ensure the use of the correct definition of risk as it exists prior to mitigation measures.	During the companies' screening process; BCtA will ensure the interpretation of 'risk' as it exists prior to mitigation measures. All completed RAT forms will explicitly mention the potential concerns identified considering the correct	On-going, effective immediately	Completed with ongoing action Attention being given to correct definition of risk during screening process

<p>corresponding to a future event that may impact the achievement of UNDP's objectives.</p>		<p>interpretation of risks prior to mitigation measures.</p>		
<p>138. Revise the Prodoc to specify how key stakeholders, including individuals/communities potentially supported through BCtA-related activities, can know about, and be involved in, initiatives, i.e., describe how the primary beneficiaries of BCtA initiatives will have adequate information and opportunities to engage in BCtA initiative-related processes and to share their thoughts on how the project and initiatives can best support them and/or not impact them.</p>	<p>It is important to note that BCtA does not implement community-level initiatives itself. Rather its member companies, who make voluntary inclusive business commitments, design and implement such initiatives with the communities. Therefore, in the new Prodoc, BCtA will introduce the requirement for potential members to clarify in their proposals how stakeholders were involved in the process of defining the initiative and will be involved in implementation. In addition, BCtA will also introduce a new publicly available mechanism for affected people to raise any concerns about member company commitments.</p>	<ul style="list-style-type: none"> • BCtA revised membership application requires companies to describe how BoP communities have been engaged in the design of the inclusive business initiative; and how they will be engaged during the implementation of the initiative. • BCtA revised reporting template also requires companies to describe how BoP communities are being engaged in the implementation of the inclusive business initiative. • Please also refer to deliverable on recommendation 144 on having a public mechanism for affected people to raise any concerns about member company commitments. 	<p>March 1, 2017</p>	<p>Changes reflected in Phase III Prodoc and revised Membership Application, Code of Conduct and Complaints Mechanism available publicly:</p> <ul style="list-style-type: none"> • Membership Application: Section 3.6 revised to include language on stakeholder engagement. • Code of Conduct introduced. See Phase III Prodoc, Annex 8 and online membership application. • Reporting template is shared with all the members and is available on the website for approved members. • Complaints Mechanism: refer to point 144 below.

				All revisions are reflected in the approved Phase III ProDoc. The Membership Application, Code of Conduct and Complaints Mechanisms were reflected on the website in July 2017.
<i>139. Revise the Prodoc to ensure that when the BCtA Secretariat relies on affiliations with other entities, e.g., the UN Global Compact, to partially allay potential concerns related to social and environmental risks, documentation related to a potential member's admission into the alliance indicates how the affiliation supports membership and indicates the full extent to which the member is complying with standards of that entity.</i>	<p>BCtA will ensure that due diligence documentation provides details into how potential members comply with such standards.</p> <p>Please note that UNDP's RAT specifically asks whether a company is a member of the Global Compact and whether it reports on its Global Compact commitment. It also asks about other known certifications and standards.</p>	When the BCtA Secretariat relies on affiliations to other entities; RAT forms will explicitly indicate how such affiliation supports eligibility to BCtA membership and adherence/compliance with ESG standards.	On-going, effective immediately	<p>Reflected in Phase III ProDoc</p> <p>BCtA member companies' RATs reflect relevant affiliations and supporting evidence of ESG standards compliance from other entities, where available.</p> <p>All revisions are reflected in the approved Phase III ProDoc.</p>
<i>140. BCtA membership criteria is revised to ensure attention to social concerns (including fundamental human rights concerns, e.g., fair pay/wages, healthy working conditions and non-exploitation</i>	Please note that already BCtA's application form explicitly includes as a requirement to companies' commitment and adherence to sustainable business practices, including gender equity, universal principles on human	Explicit mention of adherence to sustainable business practices as a criteria to eligibility for membership in BCtA Application Form	On-going since October 2016	<p>Membership eligibility criteria revised and Code of Conduct introduced</p> <ul style="list-style-type: none"> • Eligibility Criteria expanded to include adherence to sustainable business practices, especially related to gender

<p><i>in the supply chain, etc., in addition to 'integration into company value chains'), and environmental concerns in the context of each initiative.</i></p>	<p>rights, labor, environment and anti-corruption. In addition, BCtA is developing a code of conduct for its members outlining adherence to social, human rights and environmental standards. Furthermore, and in line with the above, BCtA's new draft ProDoc places an emphasis on the assessment of new members and initiatives and support to responsible inclusive business practices.</p>	<p>Code of Conduct approved and publicly available on Business Call to Action website and explicitly mentioned in BCtA Application Form</p>	<p>July 1, 2017</p>	<p>equity, human rights, labor, community well-being, environment, and good governance & management. It is publicly available on BCTA's website.</p> <ul style="list-style-type: none"> • Code of Conduct: when submitting the application, companies are asked to agree with adherence to BCtA's Code of Conduct which includes provisions for human and labor rights, environmental impact and governance issues. CoC is part of the application process and publicly available on the website. <p>All revisions are reflected in the approved Phase III ProDoc.</p>
---	---	---	---------------------	---

<p>141. <i>The process for assessing eligibility is clear and robust. More specifically, describe in greater detail how eligibility decisions are made. Is UNDP the primary decision maker? How much time do DSC members have to ask questions and receive information? Is silence clearly acquiescence? etc.</i></p>	<p>This is more explicitly clarified in BCtA's draft Phase III ProDoc, explaining in more detail every step of the eligibility assessment, due diligence process used, and criteria used to assess the inclusive business commitment. The decision-making roles will remain as described on the DSC TOR included in the ProDoc.</p>	<p>Approved ProDoc explicitly outlining in more detail every step of the eligibility assessment, due diligence process used, and criteria used to assess the inclusive business commitment.</p>	<p>April 30, 2017</p>	<p>Reflected in Phase III ProDoc Approved ProDoc explicitly outlines details of the eligibility assessment process, due diligence and risk assessment and monitoring processes, criteria to assess the inclusive business commitment, decision-making steps, and commitment monitoring procedures. (Annex 6: Overview of BCtA Selection and Due Diligence Process)</p>
	<p>More detail on the DSC approval process, including interpretation of silence as no-objection will be presented to the DSC for discussion and approval.</p>	<p>Updated DSC membership approval process</p>	<p>May 15, 2017</p>	<p>DSC membership approval process was updated and included in the ProDoc, appraised by PAC on May 2, 2017. (Section VIII Governance and Management Arrangements)</p>
<p>142. <i>Separation exists between staff involved in developing relationships with private sector companies and staff making recommendations and decisions relating to membership in BCtA (consistent with RAT Guidelines).</i></p>	<p>Separation currently exists between the team involved in conducting due diligence (Secretariat) and those involved in the decision-making process (Donor Steering Committee). Furthermore, since February 2016</p>	<p>Already accomplished.</p>	<p>On-going</p>	<p>Separation is maintained</p>

	<p>the BCtA team shares all due diligences to UNDP Development Impact Group, before sending to the DSC.</p> <p>UNDP will be initiating a review and update of the Private Sector Due Diligence Policy in 2017. As part of this process, further clarifications on application of the policy in contexts of multi-partner initiatives will be considered.</p>			
<p><i>143. Membership benefits and tenure are tied explicitly and closely to the initiative. Membership in BCtA is focused on the capacity and willingness of the member to advance inclusive business in the context of a specific business initiative proposed by the member. Benefits of BCtA membership, including, particularly, BCtA 'verification and validation' should be tied the initiative - including on the member website and in member materials and presentations. Additionally, the criteria and process for continued membership in, and benefits from, BCtA after the considered</i></p>	<p>An updated memberships policy on this will be presented to the DSC for discussion and approval by end of February, and upon agreement with the DSC it will be incorporated in BCtA's draft Phase III ProDoc.</p>	<p>Updated policy on BCtA membership benefits and tenure approved by DSC and incorporated to BCtA Phase III ProDoc.</p>	<p>March 30, 2017</p>	<p>Member Policy updated Member Policy defining the terms, benefits and tenure of BCtA membership was incorporated in the Phase III ProDoc (Annex 12) and approved by DSC on May 4, 2017.</p>

<p><i>initiative has ended should be more explicit and in writing. Such an action would respond to the Policy requirement to maintain impartiality and provide ‘no implied endorsement’ of any private sector organization ‘which might lead to unintended consequences....’ Additionally, create formal standards for how a member would be delisted.</i></p>				
<p><i>144. A formal grievance mechanism exists within the BCtA for receiving and responding to complaints alleging that a given company’s membership or related initiative may harm communities. This mechanism should be prominently advertised on the BCtA website.</i></p>	<p>The new draft BCtA ProDoc (2017-2019) includes a new publicly available mechanism to raise any concerns communities may have on BCtA member company commitments.</p>	<p>Formal mechanism available on BCtA Website</p>	<p>July 1, 2017</p>	<p><i>Complaints Mechanism in place</i> Complaints Mechanism developed and approved as part of the Phase III ProDoc by PAC and DSC in May 2017, and is publicly available on the website.</p> <p>The complaints mechanism allows BCtA to receive and address stakeholders’ concerns and complaints regarding potential misconduct or misrepresentation of the commitments made by companies to BCtA.</p>