

# III. Developing and implementing Anti- corruption Ethics and Compliance Programme

UNITED  
AGAINST  
CORRUPTION





# OVERVIEW



- A. Support and commitment from senior management
- B. Developing Anti-Corruption Programme
- C. Oversight of Anti-Corruption Programme
- D. Clear, visible and accessible policy prohibiting corruption



# OVERVIEW



- E. Detailed policies for particular risk areas
- F. Application of Anti-Corruption Programme
- G. Internal controls and record keeping
- H. Communication and Training



# OVERVIEW

- I. Promoting and incentivizing ethics and compliance
- J. Seeking guidance—detecting and reporting violations
- K. Addressing Violations
- L. Internal controls and record keeping

# A. Support and commitment from senior management

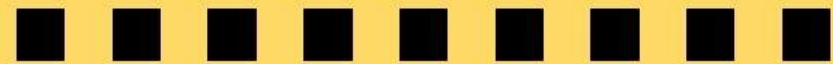
UNITED  
AGAINST  
CORRUPTION





**It takes 20 years to  
build a reputation  
and five minutes  
to ruin it. If you  
think about that,  
you'll do things  
differently.**

**-Warren Buffett**





# COMPANIES

- Demonstrating **leadership** by implementing effective anti-corruption ethics and compliance programmes
- **Interconnected** with overall ethics and compliance framework



# COMPANIES



- Assess **risks** relevant to business
- Ensure it meet **legal requirements** under international legal framework, including **United Nations Conventions against Corruption (UNCAC)**



# ARTICLE 12(1) OF UNCAC

- Call on **States** parties to *"... take measures, in accordance with fundamental principles of domestic law,*
- *to **prevent** corruption involving private sector,*
- *enhance **accounting and auditing** standards and,*
- *where appropriate, provide effective, proportionate and dissuasive **civil, administrative or criminal penalties** for failure to comply with such measures."*



# COMPANIES

- Publicly **report** on anti-corruption efforts
- Important way of **demonstrating** sincerity and seriousness of dedication to prevent and counter corruption and commitment to fundamental values of **integrity, transparency** and **accountability**



# COMPANIES

- **Publicly communicating** status and performance of anti-corruption compliance and ethics programme to **employees, business partners,** and **other stakeholders** (*e.g. labour unions, civil society organizations*)



# COMPANIES



- Strengthen **internal** anti-corruption programme through **increased transparency**
- Enhance **reputation** and **credibility**
- Provide **common basis** for **measuring progress, benchmarking, and learning from peers**



# COMPANIES



- Public reporting deter **wrongdoers**
- Facilitate **open discussion** and improvement of **good practice** anti-corruption standards
- Reporting done through **dedicated reports** or part of regular **sustainability** or **corporate citizenship reports**



# STEPS



- **Strong, explicit and visible support**
- **Start at the top**
- **Clearly articulate zero-tolerance**



# STEPS

- **Policies** and **procedures** put commitment into action
- Commitment play critical role in establishing **culture** based on **fundamental values** of **integrity, transparency** and **accountability**



# STEPS



- **“Tone from the top”** essential determinant of **organizational culture**
- Influence **norms** and **values**
- Employees and relevant business partners expected to **adhere**





# STEPS



- **“Tone from the top”** set by owner(s), Chief Executive Officers, and Board of Directors
- Demonstrate **ownership** of anti-corruption programme
- Senior management regard **prevention of corruption** own responsibility



# STEPS



- Senior management clearly articulate corruption **not tolerated**
- Include **2 major elements**:
  - *Public policy on zero-tolerance of corruption*
  - *Development and implementation of anti-corruption programme*



# STEPS



- Senior management make it clear corruption **prohibited** at all times and in any form, whether small or large, direct or indirect, active or passive
- Prohibition **publicly documented** by formal statement on zero-tolerance of corruption



# STEPS

- Emphasized during **internal** and **external** events (*e.g. employee trainings, shareholder meetings, conferences*)
- Overall statement supported by effective **anti-corruption programme**, comprising detailed **policies** and **procedures**



# STEPS



- Support and commitment from senior management not seen as **'one-off'** activity
- **Ongoing demonstration** of norms and values



# ROLE OF SENIOR MANAGEMENT



- Ensure commitment
- *Ensure **every employee** and relevant **business partner** aware of values and norms, including **consequences** of non-adherence to zero-tolerance corruption policy*



# ROLE OF SENIOR MANAGEMENT



- *In large companies not able to **engage regularly** with every employee*
- *Ensure overall “**tone from the top**” understood and expressed on all **hierarchical levels** (e.g. middle management)*



# ROLE OF SENIOR MANAGEMENT



- *Middle managers **inspired** and **mobilized** by “tone from the top”*
- *Demonstrate **tangible ownership** for anti-corruption ethics and compliance programme*
- *Highest and most frequent **visibility** for “their” employees*





# ROLE OF SENIOR MANAGEMENT



- Establish responsibilities
- *Implementing and continuously improving anti-corruption ethics and compliance*



# ROLE OF SENIOR MANAGEMENT



- *In large companies senior management not able to engage in **day-to-day operational activities***
- *Assign responsibilities to **key personnel** (e.g. compliance managers) for implementation and ongoing maintenance of anti-corruption ethics and compliance programme*
- ***Oversight** responsibilities*



# ROLE OF SENIOR MANAGEMENT



- Provide sufficient resources
- *Sufficient **human resources** with relevant skill levels and financial resources*
- *Hiring and/or consulting **subject matter experts***



# ROLE OF SENIOR MANAGEMENT



- Define scope and extent of programme
  - *Level of public reporting*
  - *Independent evaluation or assessment*
  - *Engage in voluntary initiatives (e.g. United Nations Global Compact)*
  - *Participate in collective action initiatives*



# ROLE OF SENIOR MANAGEMENT



- Put support and commitment into action
- *Actively **engaging** in programme's implementation and improvement process*
- *May trigger **questions, concerns** or even **resistance** among employees or business partners*



# ROLE OF SENIOR MANAGEMENT



- ■ Join **voluntary initiatives** (UN Global Compact, World Economic Forum Partnering Against Corruption Initiative (PACI), Extractive Industries Transparency Initiative (EITI), Construction Sector Transparency Initiative (CoST))
- ■ Speaking at **employee meetings** about rationales and importance of programme



# ROLE OF SENIOR MANAGEMENT



- ■ **Praising publically** employees who applied values in practice
- ■ Even if this resulted in **loss of business opportunity** (*e.g. turning down contract obtained only through corruption*)



# ROLE OF SENIOR MANAGEMENT



- ■ Citing **anti-corruption commitment** in external publications (*annual report or company's corporate social responsibility report*)
- ■ Participating in **training** and **communication** activities





# ROLE OF SENIOR MANAGEMENT



- ■ Behaving as **role model**
- *Behaviour of superiors ranked as most influential factor in employees' decision-making process*
- *When facing **challenging situation**, employees **imitate** behaviour and actions of superiors*



# CHALLENGES AND OPPORTUNITIES FOR (SMES)



- **Strong, explicit** and **visible** support and commitment by senior management equally important
- Senior management of SMEs **communicate** strong “tone from the top” and demonstrate **ownership** of anti-corruption programme



# CHALLENGES AND OPPORTUNITIES FOR (SMES)



- Demonstrated in more **direct** and **personal** way
- Employees have **more interaction** with senior management



# CHALLENGES AND OPPORTUNITIES FOR (SMES)



- Employees **observe** how senior management **react** in challenging situations
- Allocate **resources**
- **Communicate** with business partners and seek **regular updates** on status of anti-corruption ethics and compliance programme



# CHALLENGES AND OPPORTUNITIES FOR (SMES)



- Employees and business partners **observe** actions more easily
- “Tone from the top” even **stronger importance** for success of anti-corruption programme in SMEs



# PUBLIC REPORTING



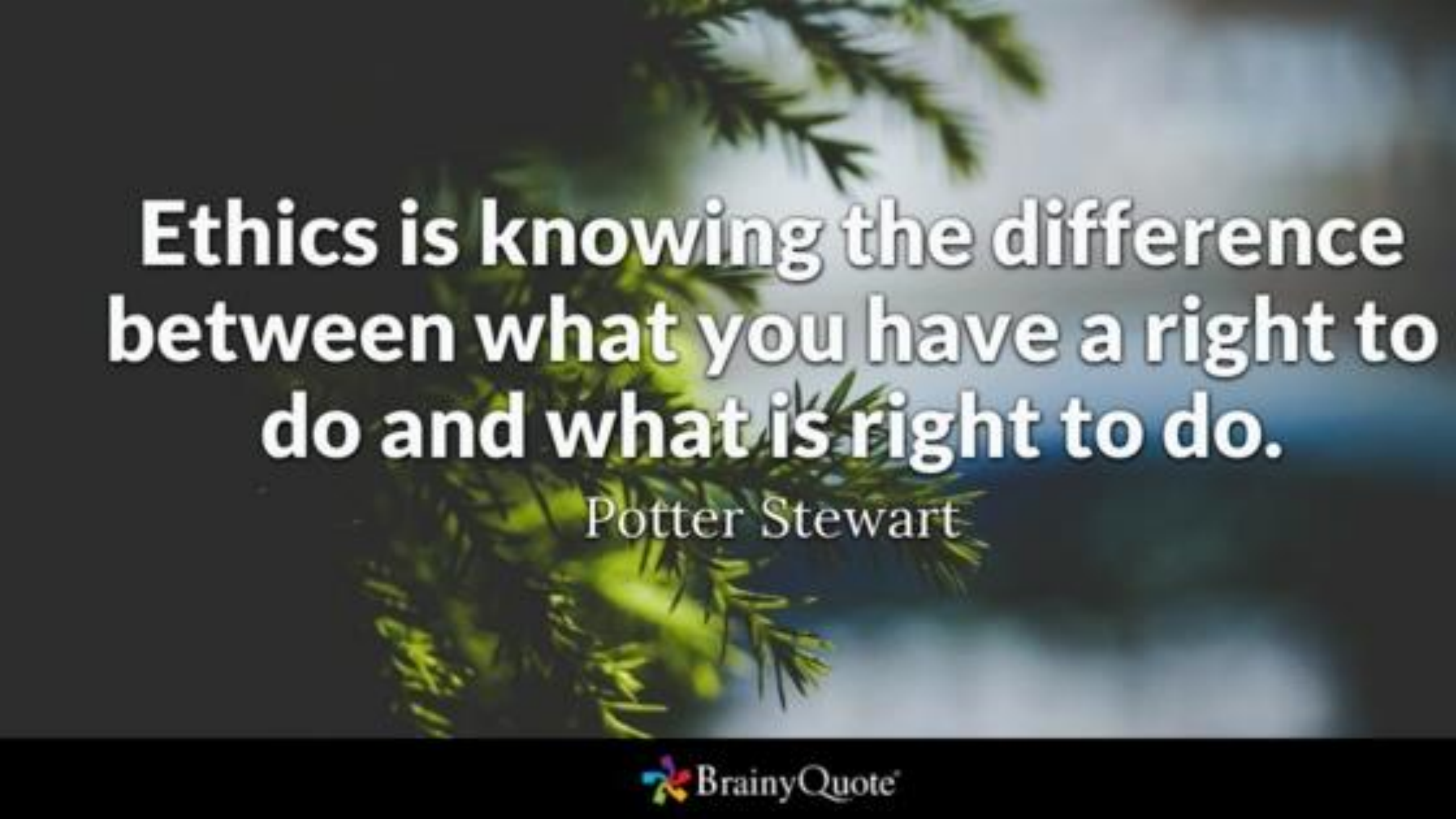
- Provide statement of **zero-tolerance** of corruption
- Describe where statement found **publicly** (*e.g. website, corporate citizenship report*)
- Describe **procedures** and **efforts**



# PUBLIC REPORTING



- List **voluntary** initiatives or collaborative actions
- *Sector initiatives, chamber of commerce or trade association initiatives, inter-governmental and national working groups, international initiatives*
- Provide **qualitative** and **quantitative** information and **highlight** practical actions undertaken or outcomes achieved



**Ethics is knowing the difference  
between what you have a right to  
do and what is right to do.**

Potter Stewart