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Item Type	Preprint
Authors	UN Global Compact;Transparency International
Publisher	UN Global Compact Office
Rights	With permission of the license/copyright holder
Download date	2026-11-08 23:54:35
Link to Item	http://hdl.handle.net/20.500.12424/177620



REPORTING GUIDANCE ON

THE 10TH PRINCIPLE AGAINST CORRUPTION

THE GLOBAL COMPACT

TRANSPARENCY INTERNATIONAL
the global coalition against corruption

Launched in 2000, the **United Nations Global Compact** is a both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption and to catalyze actions in support of broader UN goals. With over 7,000 signatories in more than 135 countries, it is the world's largest voluntary corporate responsibility initiative.
www.unglobalcompact.org

Transparency International is the global civil society organization leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, Germany, TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it.
www.transparency.org

At the invitation of the UN Global Compact, Transparency International co-chaired the Taskforce that developed this Reporting Guidance and acted as its secretariat.

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Acknowledgements
The UN Global Compact Office wishes to thank Transparency International and the members of the Taskforce that developed this Reporting Guidance. It also thanks the Global Compact Local Network focal points and companies that took part in the field-testing of this publication.

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Foreword by Huguette Labelle

Transparency is a first line defence against corruption. Through transparency, organizations can communicate to stakeholders and the public their values and polices and how they are being translated into action. Transparency sets a tone of openness, accessibility and accountability, building confidence among stakeholders that they are treated in an equitable and responsible manner. Transparency of commitment to values and openness about policies and processes will not only enhance a company's reputation but act as a substantial deterrent to those wishing to act corruptly.

Public reporting is a formalization of transparency and an essential link in the accountability chain. Through public reporting a company provides information in a structured way on matters important to stakeholders. Reporting enables companies to build public trust by meeting the growing expectations that companies adopt and implement robust anti-corruption measures. However, research by Transparency International shows that many leading companies, whilst having high-level, strategic commitments to prevent corruption, still have a long way to go in reporting how they integrate these commitments into their policies and activities. It is likely that small and medium enterprises have even further to go.

Therefore, Transparency International is delighted to have contributed to the development of the Global Compact's Reporting Guidance on the 10th Principle. We believe the Reporting Guidance provides practical and comprehensive steps that will enable companies of all sizes to report progress on the 10th Principle, according to their particular circumstances and aims.

The introduction by the Global Compact of the Reporting Guidance to its thousands of signatories marks a significant step for anti-corruption. The Guidance sets a new benchmark and Transparency International recommends it to all companies as well as signatories of the Global Compact as an essential tool for reporting on anti-corruption. We look forward to working with the Global Compact in further promoting the Guidance and to seeing the results over time reflected in improved reporting not only in Communications on Progress but in companies' overall performance.

Huguette Labelle
Chair, Transparency International
Member, UN Global Compact Board

Welcome Message from Georg Kell

Corruption is a complex and intricate issue, with wide scope. Numerous tools and resources have been created to assist companies in the development and effective implementation of anti-corruption policies. Despite these efforts, many businesses still struggle with the integration of anti-corruption measures into their day-to-day operations. Consequently, these struggles are also reflected in corporate reporting practices on anti-corruption.

Even among Global Compact participants, the 10th Principle on Anti-Corruption is often identified as the most difficult to implement. Many companies do not report yet on the 10th Principle in the mandatory annual Communication on Progress (COP).

The fallout from the financial crisis and the subsequent global economic downturn has created an increasing demand for companies to report on non-financial matters. Much of this demand is driven by regulators, but also by consumers and civil society organizations. And most notably, investors are increasingly considering environmental, social and governance issues, including the implementation of anti-corruption measures, material to their investment decisions.

Beyond external factors, quality reporting on anti-corruption can effectively support the deeper integration of anti-corruption measures into business operations by establishing an external accountability mechanism and stimulating companies to improve their internal management systems. Further, reporting can allow companies to share best practice and learn from each other.

This Reporting Guidance on the 10th Principle was developed to assist companies in this often daunting task, and I hope it will serve as a practical resource in identifying reporting priorities on the path to performance improvement and enhanced accountability and transparency.

Georg Kell
Executive Director
UN Global Compact

About this Reporting Guidance

The integration of a clear anti-corruption commitment into the corporate citizenship agenda sends a strong signal that the private sector shares responsibility for countering corruption. Yet, this remains one of the most challenging topics for organizations to report on, not only because of its complex and hidden nature, but partly owing to the lack of a practical reporting guidance.

The difficulty of reporting has been confirmed by Global Compact implementation surveys that have found that too few Global Compact business participants report comprehensively on anti-corruption policies and implementation mechanisms[1].

In this context, the Global Compact Working Group on the 10th Principle appointed the Taskforce to create a **Reporting Guidance on the 10th Principle** as a tool to give practical guidance to small, medium and large companies as they report on their efforts.

This Reporting Guidance was created over the course of 15 months (from September 2008 until November 2009) by the Taskforce which included non-governmental organizations, anti-corruption experts and business practitioners:

Members of the Taskforce (in alphabetical order):

- **Accenture:** Sven Biermann (co-chair), Chad A. Fentress, Kari K. Gregory
- **BASF:** Eckart Sünner
- **Global Compact Local Network Spain:** Isabel Garro, Cristina Sanchez
- **Sanlam:** Jacques Marnewicke
- **Siemens:** Daniel Kronen, Sabine Zindera
- **Total:** Laure Armandon, Richard Lanaud
- **Transparency International:** Jermyn Brooks, Birgit Forstnig-Errath (co-chair), Peter Wilkinson (co-chair)
- **UN Global Compact:** Simon Gargonne, François Georges, Oliver Johner, Olajobi Makinwa, Mark Snyderman
- **UN Office on Drugs and Crime:** Maria Adomeit, Giovanni Gallo
- **World Economic Forum Partnering Against Corruption Initiative (PACI):** Michael Pedersen

Observers of the Taskforce (in alphabetical order):

- **F&C Asset Management:** George Dallas
- **Global Reporting Initiative:** Sean Gilbert, Mike Wallace

Extensive consultation was conducted to ensure the usefulness and user-friendliness of the Reporting Guidance, such as:

- anonymous field testing over a period of three months by Global Compact participants (companies and Global Compact Local Networks);
- individual consultations with other Global Compact Local Networks (mainly from emerging markets) and the investment community.

The Reporting Guidance thus represents a global, multi-stakeholder endeavour to extend the reporting of companies' anti-corruption efforts in their Communications on Progress (COP).

1 See: Global Compact Annual Review 2007 and 2008

The Global Compact's 10th Principle

On 24 June 2004, the first Global Compact Leaders' Summit announced that the Global Compact, the world's largest corporate sustainability initiative, had adopted a 10th Principle against corruption: "Businesses should work against corruption in all its forms, including extortion and bribery." The adoption of the 10th Principle sent a strong worldwide signal that the private sector and other non-state-actors share responsibility for eliminating corruption and stand ready to play their part. The 10th Principle commits Global Compact participants not only to avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programmes to address it. Companies are challenged to join governments, UN agencies and civil society to realize a more transparent global economy.

The 10th Principle was the response of the business community and other non-state actors to the adoption of the United Nations Convention against Corruption. The UN General Assembly adopted the Convention in October 2003, and it entered into force on 14 December 2005. As of September 2009, over 140 States had ratified the Convention. As the sole global, legally binding anti-corruption instrument, the Convention provides a unique opportunity to prevent and fight corruption in both public and private sectors.

With this in mind, the 2004 Global Compact Leaders' Summit designated the UN Convention against Corruption as the underlying legal instrument for the new 10th Principle. In fact, while the Convention is legally binding only for countries that have ratified it, its values and principles are applicable to the widest spectrum of society, including the business community. The principles enshrined in the Convention can serve as an inspirational tool for companies adopting or reviewing internal anti-corruption policies, strategies, and measures.

Following adoption of the 10th Principle, the Global Compact established a multi-stakeholder working group to provide strategic input to the Global Compact's work on anti-corruption and to define the needs of the business community in implementing the principle. The Working Group on the Implementation of the UN Global Compact's 10th Principle also aims to contribute to greater coherence by supporting the alignment of existing initiatives and avoiding the duplication of efforts.

The Working Group has established several task forces to develop various tools and resources to help businesses achieve the goals of the 10th Principle. This Guidance is the result of one such effort.

1. Objectives and Structure

This Reporting Guidance provides a comprehensive set of Reporting Elements (Basic and Desired), which can help any organization by:

- identifying the components of a comprehensive anti-corruption programme;
- giving practical examples on how and what to report, including references to indicators from other initiatives; and
- providing a clear and easy-to-use format to structure and facilitate the reporting of anti-corruption activities in the annual Communication on Progress.

The objective of this Reporting Guidance is to set out and promote the strong benefits of reporting on anti-corruption in the Communication on Progress by providing a structured and comprehensive guidance document that encourages thorough and consistent reporting of anti-corruption efforts by signatories.

The Global Compact invites you to use the Reporting Guidance in developing your COP and to **describe** activities and outcomes in an aligned manner and thereby share your experiences and endeavours.

While the Reporting Elements require descriptive reporting, some propose that you additionally provide **quantitative reporting** (e.g., number of employees trained); however, the key aspect is to illustrate practical actions (i.e., activities undertaken, outcomes achieved or expected) that you have taken to implement the 10th Principle. Consequently, the Reporting Guidance focuses mainly on **descriptive Reporting Elements**, such as a description of responsibility assigned to oversee and implement your anti-corruption programme.

The Reporting Guidance contains two principal sections:

- **Business Case for reporting on the 10th Principle:** This section explains and underscores the benefits of reporting on the implementation of the 10th Principle. (pages 10-11)
- **Reporting Elements for the 10th Principle:** This section sets out a list of Basic and Desired Reporting Elements for the 10th Principle. Each Reporting Element is supplemented with practical guidance on the importance of the Element, how to implement it and examples of what to report on. (pages 12-33)

Finally, the Appendices provide further practical guidance with a summary of examples for use in your reporting against relevant Reporting Elements, details of five initiatives offering reporting indicators on anti-corruption (FTSE4Good, the Global Reporting Initiative, the International Corporate Governance Network, the Partnering Against Corruption Initiative and Transparency International) and a list of other Global Compact resources related to the 10th Principle.

2. Communication on Progress

While the Global Compact is a voluntary initiative, it includes a mandatory disclosure framework for business participants. Companies committed to implementing the Global Compact principles are required to communicate on their implementation through an annual report, known as the Communication on Progress (COP). The COP can serve as a learning tool, but can also be seen as a basis for public dialogue and an effort towards greater accountability. COPs are published on the Global Compact website and many show good practices or inspirational examples of corporate implementation.

The COP is based on concepts of public accountability, transparency and continuous performance improvement. COPs are important because they:

- enhance the credibility and value of an organization's participation in the Global Compact;
- serve as a source of information for stakeholders on an organization's environmental, social and governance activities and performance;
- facilitate learning and information sharing for Global Compact participants;
- contribute to the development of a useful collection of organizational practices;
- drive change in organizations; and
- protect the integrity and accountability of the Global Compact.

Practical Guide to Communication on Progress

The Global Compact has published a *Practical Guide to Communication on Progress* (second edition)[2] which provides valuable information on the creation and sharing of a COP and showcases several practical examples from participants. The Practical Guide also defines key concepts related to the reporting process, such as reporting boundaries, sustainability context, materiality, sphere of influence, as well as indicators from the Global Reporting Initiative.[3]

Reporting requirements of the Communication on Progress

A revised Communication on Progress Policy took effect on July 1st 2009.[4] New business participants must report during the first year of participation on at least two of the four issue areas: human rights, labour, environment and anti-corruption. After five years of participation, participants must report on all four issue areas.

Benefits of using the Reporting Guidance in preparing your Communication on Progress

There are various benefits from reporting against the 10th Principle and your company is encouraged to start reporting early in your participation in the Global Compact. The benefits include:

- demonstrating the commitment of reporting companies to greater accountability and transparency;
- meeting the growing demand for reporting on non-financial matters from a wide range of stakeholders (ranging from regulators to civil society);
- strengthening internal anti-corruption systems through increased transparency;
- enhancing reputation; and
- stimulating multi-stakeholder dialogue related to anti-corruption.

Year-on-year reporting

Organizations are required to provide COPs annually and focus on progress made year-on-year.

When you first use this Reporting Guidance and its new structure of Basic and Desired Reporting Elements you may already have reported in previous COPs on some of the topics covered in the Reporting Elements. However, to enable readers of COPs to assess your progress on anti-corruption measures, you are encouraged to report again information that you have previously reported or provide a link to where the information can be found on your website.

For subsequent years, you need not repeat previous reporting but you should indicate in which year the information was provided in a COP and the link to where the information can be found.

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2 http://www.unglobalcompact.org/AboutTheGC/publications.html#COMMUNICATION%20ON%20PROGRESS
3 For more information read Making the Connection - Using GRI's G3 Guidelines for the COP
http://www.unglobalcompact.org/docs/communication_on_progress/4.3/Making_the_connection.pdf
4 http://www.unglobalcompact.org/COP/


Market Livestock
Crops Held for Sale and Feed
Fertilizer and Supplies on Hand
Accounts Receivable
Prepaid Expenses
Cash Investment in Growing Cr
Other Current Assets (List)
TOTAL CURRENT
Breeding Livestock
Auto-Trucks
Motorized Equipm
Machinery and E
Estate (Market)
gs-Improvements (Market)
ssets (List)
ONCURRENT ASSETS
SETS
31,140
232,650
17,980
7,625
9,000
70,700
37,605
25.35
13.39
0.00
$475,025
$784,065
60.58
100.00
Noncurrent
Other Noncurre
TOTAL NONC
Valuation Equity
OWNER EQUITY
TOTAL LIABILITIES
0.5km
1km
1: 25000

Section 1: The Business Case for reporting on the 10th Principle

The integration of a clear anti-corruption commitment into the corporate responsibility agenda sends a strong signal that the private sector shares responsibility to address and counter corruption. Yet, countering corruption remains a serious challenge for implementation, monitoring and reporting, owing to the complex and hidden nature of the issue, but also partly because of the lack of a practical reporting guidance.

At the same time, public reporting on anti-corruption is not only an important way of demonstrating the sincerity of the corporate commitment to the Global Compact's 10th Principle. It can also provide substantial benefits, such as strengthening internal anti-corruption systems through increased transparency, enhancing reputation and providing a common basis for measuring progress and learning from your peers.

There are three major benefits from reporting on anti-corruption. The first two categories apply to individual organizations (independent of their size), whereas the third category outlines benefits also for the overall community.

1. Increased internal integrity and transparency

Reporting on anti-corruption raises awareness among employees and provides a means of control and discipline for the management.

Formalized and consistent reporting on anti-corruption activities, integrated into already established reporting processes (e.g., accounting), ensures reliable and measurable internal operations. It shows to employees that the fight against corruption is taken very seriously ("What gets measured gets done"). This results in the following benefits:

- strengthening **anti-corruption behaviour**, including better risk management and **compliance**;
- encouraging and supporting employees in **resisting corruption**;
- providing management with a foundation for analysis of **progress, planning** and **continuous improvement**; and
- **motivating employees** to be proud of the organization's integrity and reputation.

2. Enhanced reputation

Reporting on anti-corruption positively influences your organization's reputation in the marketplace and society.

An organization's reputation is a major success factor in today's globalized world. It has a considerable impact on purchasing and contracting capabilities, marketing and recruitment competitiveness. Proactively reporting on anti-corruption efforts can positively influence public awareness and perception, resulting in the following concrete and indirect benefits for your organization:

- obtaining a competitive advantage as a **preferred choice** of ethically concerned customers, suppliers and other stakeholders;
- attracting **highly skilled and motivated people;**
- supporting and encouraging **business partners** and challenging **competitors** to resist corruption by setting standards of excellence;
- reducing your **cost of financing** by helping external financing institutions to assess risk premium through enhanced information; and
- increasing the **credibility** of voluntary initiatives such as the Global Compact by demonstrating commitment to their values and principles through reporting on progress.

3. Common information basis

Reporting on anti-corruption establishes a common language to measure, compare, discuss and improve anti-corruption activities and practices.

Finally, reporting on anti-corruption activities based on a consistent reporting guidance enables different stakeholders to share information, raise awareness, learn from each other and improve practices. Stakeholders, as well as each individual organization, can benefit from this in multiple ways:

- sharing **experience and procedures** with other organizations;
- stimulating **multi-stakeholder dialogues;**
- increasing importance of disclosure on anti-corruption activities in overall **sustainability agendas;** and
- driving **media coverage** of good anti-corruption practices through provision of comparable progress reports.

Section 2: Reporting Elements for the 10th Principle

This Reporting Guidance provides a comprehensive set of **22 Reporting Elements** which can be reported against in a mainly descriptive manner.

Recognizing that companies report on anti-corruption in different ways and to different extents, the Reporting Elements are organized in an easy-to-apply matrix:

By reporting levels:

- **Basic Reporting Elements:** These 7 Elements are considered to be the basic level of reporting on an organization's anti-corruption policies and procedures;
- **Desired Reporting Elements:** These additional 15 Elements give you the opportunity to report more extensively on your anti-corruption policies and procedures.

By categories:

- **Commitment and Policy:** how your organization has committed to a zero-toleration of corruption;
- **Implementation:** how your organization's commitment has been put into practice through detailed policies and systems;
- **Monitoring:** how your organization monitors progress and has a continuous process for improvement.

	Basic Reporting Elements	Desired Reporting Elements
Commitment and Policy	B1-B2	D1-D5
Implementation	B3-B6	D6-D11
Monitoring	B7	D12-D15

Your organization is encouraged to develop its own anti-corruption practices and report against the Reporting Elements as the process of developing content for reporting will in itself assist your organization in reviewing and improving anti-corruption policies and programmes.

Required reporting against Basic Reporting Elements

From 2011, all Global Compact participants will be required to report in their COP against **Basic Reporting Elements**, described below. If you use sustainability or corporate citizenship reports as the reference for your COP reporting, you will need to align or reference your reporting in the reports to the Basic Reporting Elements.

Additionally, you can choose to report on one or more of the **15 Desired Reporting Elements**, depending on the extent of your reporting systems and progress made in implementing the 10th Principle against Corruption. In this way, as an increasing number of organizations report on their practices, other organizations can use these examples to improve their own anti-corruption programmes.

For each Reporting Element, a description explains its importance, details how it is usually implemented, and presents examples, both qualitative and quantitative, of what to report on. The examples illustrate the types of information that can be reported on, and are neither an exhaustive list nor a list of minimum requirements. Appendix A provides a summary of the examples of what to report on for each of the 22 Reporting Elements.

Finally, each Reporting Element includes an example of a reporting indicator from another initiative, such as the Global Reporting Initiative. The examples show that the Reporting Elements are rooted in existing practice and reporting on the Elements will help when reporting against indicators of other initiatives.

The Global Compact asks reporting companies to reference the Reporting Guidance when developing a COP, e.g., in the index of a sustainability report.

The next section provides an overview of the 22 Reporting Elements in the easy-to-apply matrix and is then followed by detailed guidance for each of the Elements, grouped by the three categories:

- Commitment and Policy
- Implementation
- Monitoring

For each category, the Basic Reporting Elements are listed first, followed by the Desired Reporting Elements.

Matrix of Reporting Elements

Commitment and Policy

Basic Reporting Elements		Desired Reporting Elements	
B1	Publicly stated commitment to work against corruption in all its forms, including bribery and extortion	**D1**	Publicly stated formal policy of zero-tolerance of corruption
B2	Commitment to be in compliance with all relevant laws, including anti-corruption laws	**D2**	Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption
		D3	Carrying out risk assessment of potential areas of corruption
		D4	Detailed policies for high-risk areas of corruption
		D5	Policy on anti-corruption regarding business partners

Implementation

Basic Reporting Elements		Desired Reporting Elements	
B3	Translation of the anti-corruption commitment into actions	**D6**	Actions taken to encourage business partners to implement anti-corruption commitments
B4	Support by the organization's leadership for anti-corruption	**D7**	Management responsibility and accountability for implementation of the anti-corruption commitment or policy
B5	Communication and training on the anti-corruption commitment for all employees	**D8**	Human Resources procedures supporting the anti-corruption commitment or policy
B6	Internal checks and balances to ensure consistency with the anti-corruption commitment	**D9**	Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice
		D10	Internal accounting and auditing procedures related to anti-corruption
		D11	Participation in voluntary anti-corruption initiatives

Monitoring

Basic Reporting Elements		Desired Reporting Elements	
B7	Monitoring and improvement processes	**D12**	Leadership review of monitoring and improvement results
		D13	Dealing with incidents
		D14	Public legal cases regarding corruption
		D15	Use of independent external assurance of anti-corruption programmes

Commitment and Policy



1. Commitment and Policy

B1 Publicly stated commitment to work against corruption in all its forms, including bribery and extortion

Importance:
The culture of integrity and compliance in an organization starts at the top. Commitment means that the organization shows by its public communications and actions that it will not tolerate corrupt behaviour by its employees or business partners. A public statement enhances an organization's reputation, reinforces the internal policies and systems among employees and business partners and can help to deter corruption.

How to implement:
Public commitment can be shown in various ways: public declaration by the organization (e.g., by the CEO, Board or equivalent body, owner or management) through such channels as annual shareholder meetings and reports, interviews, management letters circulated to each employee, public meetings, departmental meetings, supplier and other business partner communications, statements on the internet and intranet, keynote speeches to and from heads of business units.

What to report (Examples):
- Provide your organization's statement against corruption.
- Describe where the statement can be found publicly (e.g., website, corporate citizenship report).

Cross-reference to Reporting Elements within this Guidance:
If a commitment is stated in a detailed policy, please refer to Reporting Element D1.

Example of reporting indicators from other organizations:
- **Organization:** Partnering Against Corruption Initiative (PACI)

›› **Reporting indicator:** No. 6: Does your company publish its anti-corruption commitment externally, i.e. on its website and/or in its annual report?

The Definition of Corruption and the United Nations Global Compact

Corruption is defined by Transparency International as "the abuse of entrusted power for private gain". This convenient shorthand, encompassing myriad illegal and illicit acts, recognizes the breadth of the concept, but does not attempt to enumerate or precisely delimit. During the negotiations of the United Nations Convention against Corruption, UN Member States carefully considered the opportunity for the global anti-corruption treaty to provide a legal definition of corruption. Concluding that any attempt at a comprehensive definition inevitably would fail to address some relevant forms of corrupt behaviour, the international community reached global consensus on a large number of manifestations of corruption while leaving each State free to go beyond the minimum standards set forth in the Convention. The Convention calls for ratifying States to outlaw, at a minimum, bribery of public officials; embezzlement, trading in influence, abuse of function, and illicit enrichment by public officials; and bribery and embezzlement in the private sector, as well as money laundering and obstruction of justice. These corrupt actions are spelled out under the chapter of the Convention devoted to criminalization and law enforcement, denoting that corruption is a crime, which is a notion wider than bribery and extortion. In consonance with this approach, the 10th Principle of the United Nations Global Compact calls for companies to work against corruption in all its forms, including extortion and bribery.

B2 Commitment to be in compliance with all relevant laws, including anti-corruption laws

Importance:
Compliance with all relevant laws, including relevant anti-corruption laws, is a legal obligation and not an option for organizations. Non-compliance with laws places an organization at risk of reputational, administrative, civil and criminal consequences, including internal costs, investigations, prosecutions, fines, loss of contracts and possible blacklisting.

How to implement:
Your organization should have procedures in place to know and monitor relevant laws and regulations in the jurisdiction(s) where you operate. For example, your organization or your professional advisors should maintain or have access to an up-to-date register of relevant laws and the requirements and implications of these laws should be communicated internally as appropriate. These procedures can be daunting and demanding, especially for small and medium-size businesses, but can be carried out practically through internal research, attendance at industry conferences, consulting local business associations, chambers of commerce, and embassies, as well as by using professional advisors.

What to report (Examples):
- Provide a public written statement that you are committed to be in compliance with all relevant laws and indicate where this statement is published.
- Describe your procedures and efforts with regard to that statement.

Cross-reference to Reporting Elements within this Guidance:
If you make reference to international legal frameworks, please refer to Reporting Element D2.

Example of reporting indicators from other organizations:
- **Organization:** FTSE4Good
  - **Reporting indicator:** Policy: Commits to obeying all relevant laws

D1 Publicly stated formal policy of zero-tolerance of corruption

Importance:
A public commitment against corruption may be insufficient. A publicly stated policy is a more powerful and precise expression of an organization's zero-tolerance commitment as it allows no room for misinterpretation. An anti-corruption policy usually requires Board and/or management approval, helps employees and business partners to understand better the detailed position of the organization and will provide the context for detailed rules and procedures and a way forward towards continuous progress.

How to implement:
The policy can include a statement that the organization does not tolerate corrupt behaviour, and confirmation that the organization has established binding organizational guidelines requiring all directors, managers and employees worldwide to behave ethically and in conformity with the law and the guidelines. These guidelines are the cornerstone of your organization's work and the relationships of its directors and employees with one another as well as with customers and partners. Such a policy should be available to all employees, business partners and other

stakeholders and be published either on your organization's website or by other means which are publicly accessible. Additional, more detailed anti-corruption policies, procedures and other measures will be necessary to actually implement the anti-corruption programme.

What to report (Examples):

- Provide or describe the current policy.
- Describe where the policy can be found (e.g., website).
- Describe the extent to which the policy covers all legal entities and locations over which you have effective control.

Cross-reference to Reporting Elements within this Guidance:

If you are providing a general statement against corruption, please refer to Reporting Element B1.

Example of reporting indicators from other organizations:

- **Organization:** International Corporate Governance Network (ICGN)
  - **Reporting indicator:** Question No. 2: Does the organization have a formal published policy, approved by the Board, on managing the risks posed to the business by bribery and corruption?

D2 Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption

Importance:

International anti-corruption treaties inform and shape national legislation. The UN Convention against Corruption (UNCAC) is the only global convention against corruption and is the most comprehensive of all the anti-corruption conventions preventing and fighting corruption both in the public and private sectors. Support by organizations for international legal frameworks is important because this demonstrates: (a) organizations' readiness to promote common global standards irrespective of the status of domestic regulation, (b) organizations' alignment with the global anti-corruption movement across industries and (c) promotion of level-playing fields within specific industries.

How to implement:

In addition to the activities described in B2, you should find out which international anti-corruption treaties have been ratified by the jurisdiction(s) in which you operate. You can demonstrate support for international treaties by: (1) issuing a general statement of support for UNCAC or for a regional convention such as the OECD Convention; and (2) in national jurisdictions in which you operate, encouraging governments to sign and ratify international conventions, to ensure that the principles of the conventions are properly enacted and properly enforced. A statement of support may best be carried out as a collaborative effort by a business sector or initiative.

What to report (Examples):

- Describe general statements of support for international and regional frameworks; make specific mention of the treaty or framework supported.
- Describe your organization's initiatives, if any, to mark the annual International Anti-Corruption Day (9 December).

Cross-reference to Reporting Elements within this Guidance:

If you provide a statement that you are complying with all relevant laws, please refer to Reporting Element B2.

Example of reporting indicators from other organizations:

No example.

D3 Carrying out risk assessment of potential areas of corruption

Importance:
Risk assessment is the foundation of an anti-corruption programme. To address the risks of corruption in its operations, an organization must understand how its business model and procedures may expose it to such risks.

How to implement:
Risk assessments for corruption can be simple and high level or complex and detailed. It is often appropriate to start assessment at a high level and increase the focus and level of analysis over time. A risk assessment looks at business activities, location of business activities, industries, local business conditions and customs, identifies corruption risks inherent in those activities, and attempts to estimate the likelihood of the occurrence of the risks and their impact on the organization. Finally and most importantly, the assessment looks for ways and means to minimize the risks by providing appropriate counter measures. Having identified the relevant areas of risk, the organization will define the need for and develop detailed policies that address the potential areas of corruption.

What to report (Examples):
- Describe your current risk assessment procedures (e.g., how often it is carried out, who is in charge, which parts of your organization are covered, how results are dealt with).
- Describe the business units and subsidiaries for which a risk assessment has been undertaken.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:
- **Organization:** Global Reporting Initiative (GRI)
  - **Reporting indicator:** SO 2: Percentage and total number of business units analyzed for risks related to corruption

D4 Detailed policies for high-risk areas of corruption

Importance:
Detailed policies are needed to give specific guidance to employees on how to act in order to be in compliance with your organization's anti-corruption policy and how to counter specific forms of corruption. The detailed policies will provide the basis for implementation procedures and also for communication and training. Such policies will help employees and business partners in high-risk situations such as those involving gifts and hospitality and conflicts of interest. Also, detailed policies are a statement to the outside world, including business partners, that the organization takes the issues seriously and has adequate and effective anti-corruption policies and systems in place. In the event of a violation of the organization's anti-corruption policy, evidence of supporting policies and procedures can help protect the organization's reputation and can also serve as a mitigating factor in the case of prosecution or sentencing.

How to implement:
As described in D3, you should have carried out a risk assessment to identify which detailed policies are needed. In general, policies will take into account the most prevalent forms of corruption and also which business functions and processes have the highest vulnerability. In order to develop detailed policies, organizations can draw upon

the UN Convention against Corruption and on various voluntary instruments[5] that cover, among others, conflict of interest, money laundering, embezzlement, gifts, hospitality and travel, donations, sponsorships, social and community investment, facilitation payments, political contributions, interactions with government officials and lobbying, and dealings with business partners, agents and other intermediaries, joint ventures use of the organization's assets, mergers, acquisitions and minority interest.

What to report (Examples):

- List the areas of potential risk of corruption which are covered by detailed anti-corruption policies.
- Describe where these policies can be found and how they are made available to all employees and business partners concerned.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:

- **Organization:** Transparency International
  - » **Reporting indicator:** Indicator No. 29: Is there a written policy covering political contributions whether made directly or indirectly?

5 Such as the International Chamber of Commerce Rules of Conduct, the World Economic Forum/Partnering Against Corruption Initiative and the Business Principles for Countering Bribery, and the Wolfsberg AML Principles.

D5 Policy on anti-corruption regarding business partners

Importance:
Business partners include among others, agents, consultants or other intermediaries, joint venture and consortia partners, suppliers and customers. In certain circumstances, the organization may be held legally liable for corruption by a business partner (for example, an agent paying a bribe). Stakeholders may disapprove of an organization's dealings with a third party known to be involved in corrupt activities though not related to its immediate business activities. Conversely, an organization can be a positive force in supporting its suppliers in tackling corruption and thereby creating a level playing field.

How to implement:
Your organization should have a policy in place extending its anti-corruption commitment to business partners. Such policy should be made available publicly and incorporated into contracts with business partners.

What to report (Examples):

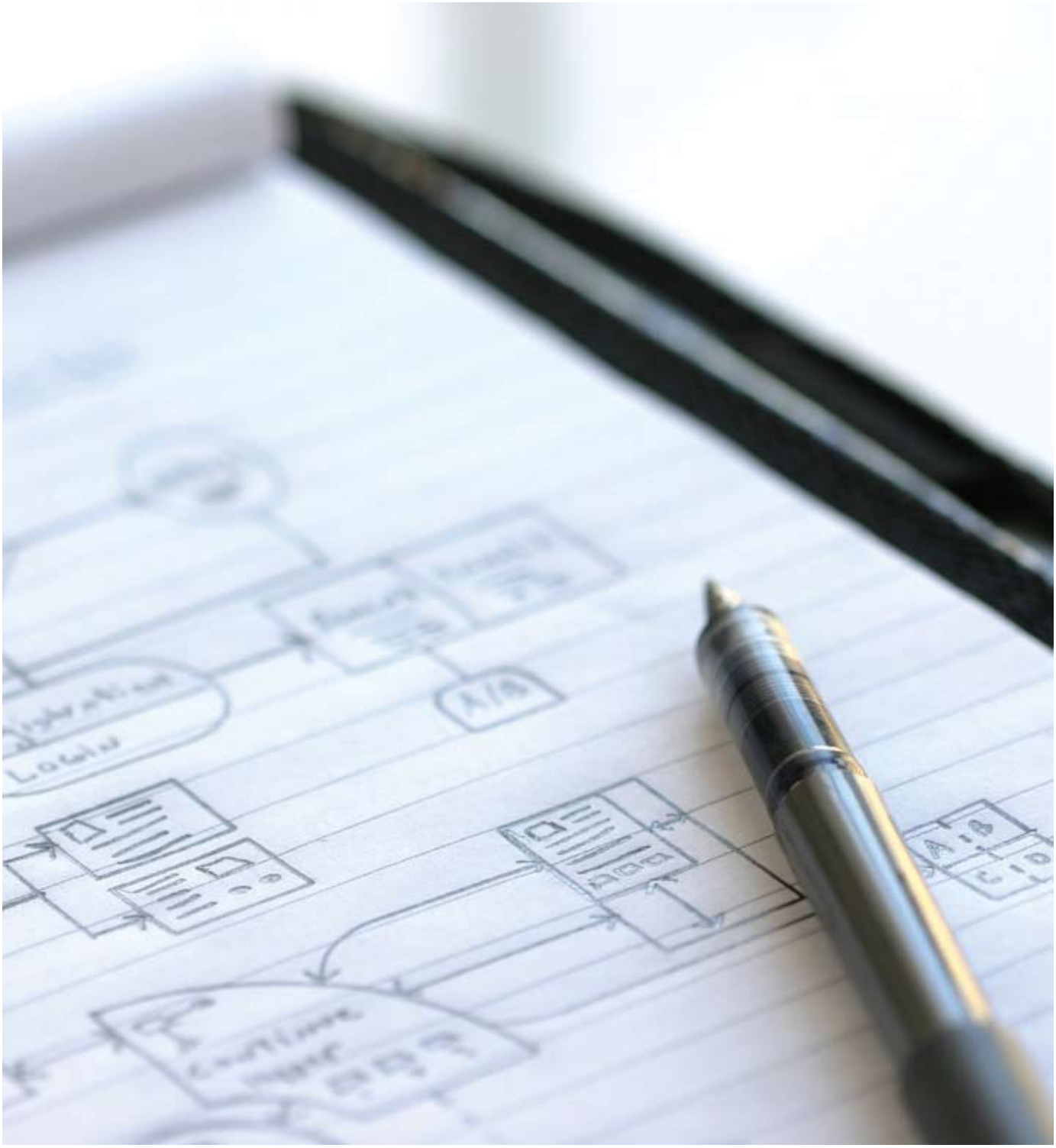
- Outline your definition of business partners (e.g., suppliers, agents, joint ventures).
- Describe how your organization's anti-corruption commitment extends to business partners as well as how anti-corruption commitments from your business partners extend to your organization.
- Describe your identified high-risk business partners by industry (e.g., public sector).
- Describe the coverage of your supply chain related to the extension of the anti-corruption policy (e.g., identified size or types of supplier, producers).
- Specify detailed policies for business partners.

Cross-reference to Reporting Elements within this Guidance:
For actions taken to encourage business partners to implement anti-corruption commitments, please refer to Reporting Element D6.

Example of reporting indicators from other organizations:

- **Organization:** Transparency International
  - » **Reporting indicator:** Indicator No. 98: Is there a policy to require or encourage the implementation of a Programme equivalent to its own in entities with which the company has significant business relationships?

Implementation



2. Implementation

B3 Translation of the anti-corruption commitment into actions

Importance:
Making a formal commitment to zero toleration of corruption is an important step for an organization. However, without taking concrete actions directly supporting that commitment, an organization remains at risk of violating anti-corruption laws.

How to implement:
Concrete actions to prevent, detect corruption and apply sanctions begin with identifying corruption risks within an organization's operations (e.g., type of transactions, operational departments, countries, industries, customers/business partners). Based on such an assessment, the organization can take steps to implement its anti-corruption programme, by doing the following: (1) **detailed procedures:** develop detailed procedures that support your anti-corruption commitment and cover forms of corruption such as bribes, gifts, entertainment and expenses, donations and sponsorships, political contributions, facilitation payments and conflicts of interest; (2) **Responsibility:** appoint a manager to devise, implement, monitor and improve the programme under the oversight of senior leadership; (3) **Business partners:** communicate your anti-corruption commitment to your business partners and require anti-corruption standards of them; (4) **Awareness and education of employees:** provide communication and training to ensure that your employees understand the organization's policies and procedures as well as the leadership's commitment to zero tolerance of corruption; (5) **Consequences:** ensure that appropriate measures are taken in the event that the anti-corruption programme is violated; (6) **Monitoring and continuous improvement:** carry out regular reviews of the anti-corruption programme including internal audits, provide resulting reports to senior management and the Board and take necessary actions to improve the programme.

What to report (Examples):
- Report on the existence of and the elements in your anti-corruption programme.
- Describe the assignment of responsibility to oversee and implement the anti-corruption programme.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:
- **Organization:** Transparency International
  - **Reporting indicator:** Indicator No. 12: Does the Programme clearly and in reasonable detail, articulate values, policies and procedures to be used to prevent bribery from occurring in all activities under the company's effective control?

B4 Support by the organization's leadership for anti-corruption

Importance:
Demonstration by the leadership ("tone at the top") that it is committed to the policy of anti-corruption will make clear to employees: the seriousness that the organization attaches to countering corruption; the organization's expectations of its employees; and the organization's support for employees in carrying out the anti-corruption programme and in standing up to corrupt demands, even in cases where business might be lost.

How to implement:
Leadership means not only communicating a clear message but also acting with integrity and leading by example. It includes speaking at employee and external events and communicating through internal and external channels. Communications can include internal memoranda circulated to each employee; a CEO declaration on the organization's intranet; keynote speeches from heads of business units during employee meetings. External communications can include an integrity message from the CEO in corporate literature and for larger organizations, a statement in the sustainability or equivalent report.

What to report (Examples):
- Describe the organization's leadership message.
- Describe the form of expression (e.g., CEO declaration, corporate social responsibility report, speaking at employee events).

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:
- **Organization:** International Corporate Governance Network (ICGN)
  - **Reporting indicator:** Question No. 22: Do senior management encourage a culture of transparency and integrity through their own behaviour?

B5 Communication and training on the anti-corruption commitment for all employees

Importance:
Communication to and training of all employees on your organization's commitment to zero tolerance of corruption is perhaps the most important and continuous action that your organization can take aside from making the anti-corruption commitment. Effective communication helps to ensure that along with all other important messages for employees, the anti-corruption policy and how the employee should act remain high on each person's agenda. It will put your organization in a better position to require adherence, achieve compliance, take disciplinary actions for non-compliance, and ultimately see that your employees' actions live up to the organization's values and the anti-corruption commitment. Internal communications will be seen externally and thereby add to the strength of the external communication of the organization's anti-corruption commitment.

How to implement:
Communication and training should be made at all levels within the organization from senior leadership to supervisory level staff with messages relevant to the targeted employee audience and training tailored to identified risks and needs. Communications should be made over extended periods of time, because this is more effective than large amounts of information provided during a limited period.

What to report (Examples):
- Describe internal communication of the programme such as anti-corruption campaigns, management communications, departmental meetings, publications, business conduct guidelines, internet or intranet resources.
- Provide monitoring measures such as results of surveys of employee attitudes, publications in local languages.
- Describe the frequency of such communications (e.g., quarterly, annually).
- Describe anti-corruption training initiatives.
- Explain whether the communications and/or the training have been translated into multiple languages and if so, describe the principal languages.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:
- **Organization:** Global Reporting Initiative
- **Reporting indicator:** SO 3: Percentage of employees trained in organization's anti-corruption policies and procedures

B6 Internal checks and balances to ensure consistency with the anti-corruption commitment

Importance:
Checks and balances are essential tools to prevent and detect corruption because they separate the power to make decisions from the power to verify the execution of such decisions. This restricts the opportunity for corrupt employees to create false transactions and records and hide corrupt activities.

How to implement:
The extent to which checks and balances are implemented will depend on the size of your organization, the risks assessed for particular functions and processes and the available resources. An example of checks and balances is the assignment of different individuals or departments to be responsible for handling contracts, placing orders, receiving goods, processing invoices and making payments.

What to report (Examples):
- Describe specific internal checks_and_ balances such as approval policies and processes, audit plans, expense and invoicing guidelines, etc., aimed at detecting and/or preventing corruption and how these support your anti-corruption commitment.
- Describe how often you review these internal checks and balances.

Cross-reference to Reporting Elements within this Guidance:
Checks and balances form part of internal controls covered in Reporting Element D10.

Example of reporting indicators from other organizations:
- **Organization:** Transparency International
- **Reporting indicator:** Indicator No. 201: Do the internal controls to counter bribery comprise financial and organizational checks and balances over the organization's accounting and record keeping practices and other business processes related to the Programme?

D6 Actions taken to encourage business partners to implement anti-corruption commitments

Importance:
The risk of corruption in the supply chain is high, especially in countries with a high degree of corruption. Customers, mainly multinational organizations, have a key role to play to encourage the engagement of their supply chain (mostly SMEs with scarce resources) in countering corruption. As part of complex value chains of production, all organizations face the risks of being associated with corrupt behaviour by business partners and thus having their supplies disrupted if their suppliers, as a result of conviction for corruption, have to close operations or end up on blacklists.

How to implement:
Before signing, amending or renewing a contract with a business partner, the following measures are recommended:
- classification of the corruption risk connected with the business partner (risk classification);
- review of the integrity and qualifications of the business partner (due diligence review);
- approval of the results of the due diligence by the management;
- continuous monitoring of the business relationship and careful watch for "danger signs and red flags".

Actions could include:
- anti-corruption requirements in contracts with intermediaries;
- inclusion of an integrity clause in procurement contractual arrangements with suppliers and sub-contractors;
- requiring written agreement and adherence of your suppliers to ethical standards equivalent to those of your organization or to specific suppliers' codes;
- third-party risk assessments;
- due diligence procedures in selection process of select suppliers;
- training of suppliers in anti-corruption measures;
- audits at suppliers' premises to check compliance with laws and codes and your organization's anti-corruption requirements in requiring conformance with codes;
- collective action.

What to report (Examples):
- Outline your definition and scope of business partners (e.g., suppliers, agents, joint ventures).
- Describe specific communication measures and actions, such as training taken to encourage your business partners to implement anti-corruption programmes.
- Describe the process of monitoring the effectiveness of such communication measures and actions.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:
- **Organization:** Partnering Against Corruption Initiative (PACI)
  - **Reporting indicator:** No. 5: Does your company encourage or support business partners, i.e. suppliers, agents, distributors, service providers and customers, in developing and implementing anti-corruption programmes?

D7 Management responsibility and accountability for implementation of the anti-corruption commitment or policy

Importance:
Just as effective oversight and leadership by management is essential to the anti-corruption programme so too is the assignment of clear lines of responsibility and accountability to management in all parts of the organization for effective implementation of the programme and avoidance of omissions or errors.

How to implement:
Assignment of responsibilities should be accompanied by setting objectives and performance standards for implementation of the anti-corruption programme. Appraisal and remuneration procedures can be used to support and encourage the performance of managers for their assigned responsibilities. Tools may include training sessions, guidance or even control mechanisms such as unannounced inspections. How this can be done mainly depends on the size of the organization, the nature of its business and on its legal and regional environment. It is therefore up to the organization to find the best fitting solution within the organization's ways and means.

What to report (Examples):

- Describe how responsibilities are assigned in your organizational structure.
- Provide, if possible, specific reporting indicators used in your organization to support responsibility and accountability for implementation of the anti-corruption commitment or policy.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:

- **Organization:** Transparency International
  - **Reporting indicator:** Indicator No. 77: Is unambiguous responsibility and authority assigned to managers for carrying out the Programme?

D8 Human Resources procedures supporting the anti-corruption commitment or policy

Importance:
Human Resources ("HR") plays a central role in the anti-corruption programme by providing policies and procedures that shape the motivation, understanding, skills and actions of employees in implementing the anti-corruption commitment.

How to implement:
The HR policies and procedures for employees should include clearly stated anti-corruption requirements, rules and guidance. The policies and procedures will be developed in alignment with relevant laws and regulations by: assessing and mitigating corruption risks; consulting with employees and employee representative bodies; analyzing results of surveys and research, and benchmarking with peer organizations. The policies and procedures will be communicated formally with regular reviews of their effectiveness and improvements.

What to report (Examples):

- Describe how your organization implements effective documented personnel policies and processes that support the anti-corruption commitment, including references to how these were developed, such as: consultation with employees; mandatory compliance with the anti-corruption policies and procedures; orientation of recruits; appraisal, remuneration and recognition procedures; and disciplinary processes.
- Report measures of activities and results, such as percentages of recruits that have received anti-corruption orientation or numbers of employees dismissed for non-compliance with organizational policies.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:

- **Organization:** Transparency International
  - **Reporting indicator:** Indicator No. 150: Do the company's human resources practices including those for recruitment, training, performance evaluation, remuneration, recognition and promotion reflect the company's commitment to the Programme?

D9 Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice

Importance:
Whistleblowing channels are an important feature of most anti-corruption programmes as they can provide a confidential safety-valve for employees to make the organization aware of wrong doings or doubtful practices by or within the organization. Whistleblowing channels can also be used as advice channels to provide guidance on the anti-corruption programme in general or a specific issue or dilemma faced by an employee.

How to implement:
The channels must be confidential so that employees are secure in reporting corruption concerns without fear of personal repercussions. A decision to be made is whether greater confidence will be provided to employees if the whistleblowing channel is provided internally or managed by an independent provider.

What to report (Examples):
- Describe individual solutions already implemented or envisaged.
- Provide statistics of the use of the whistleblowing, advice or hot lines.
- Specify a break-down of the types of inquiries, provided that this will not lead to a breach of confidentiality or security for the reporting employees.

Cross-reference to Reporting Elements within this Guidance:
Analysis of concerns expressed through Whistleblowing channels and hotlines can be used to identify areas for improvement, which in turn will form part of the process of continuous improvement covered by Reporting Element B7.

Example of reporting indicators from other organizations:
- **Organization:** FTSE4Good
  - **Reporting indicator:** Management: Provides secure communication channels for employees to seek advice or voice concerns (e.g., hotlines, advicelines, whistleblowing procedures for protection, internal reporting mechanisms)

D10 Internal accounting and auditing procedures related to anti-corruption

Importance:
Strong internal controls are necessary to preventing and detecting corruption. A corruption incident in any form represents a breach of the controls. Transparent disclosure of an assessment of the effectiveness of internal controls builds the confidence of stakeholders.

How to implement:
Your organization's Board or equivalent body is ultimately responsible for the system of internal controls, although it is customary to delegate to management the task of establishing, operating and monitoring the system of internal controls. The internal controls should provide "reasonable assurance" that payments and receipts are authorized by management, owner, the Board or equivalent body. Auditing of the control mechanisms provides assurance that controls are functioning effectively. An example is an internal audit function with a specific mandate to test anti-corruption controls and the implementation of related policies. An external audit mandate can add further assurance to the process.

What to report (Examples):
- Describe the internal controls policies and processes (e.g., frequency, scope of organizational coverage, degree of control automation, international frameworks used).
- Report whether internal and external audits have taken place.
- Report on the specific mandates given to the audit function, internal and external where applicable.

Cross-reference to Reporting Elements within this Guidance:
Checks and balances are part of internal controls — refer to Reporting Element B6; internal audits will identify areas for improvement and this will form part of the process of continuous improvement covered by Reporting Element B7.

Example of reporting indicators from other organizations:
- **Organization:** International Corporate Governance Network (ICGN)
  - **Reporting indicator:** Question No. 14: Is there regular internal audit or external assurance of the effectiveness of these systems? Has the company ever sought external audit of its policies and their effectiveness and if so, to what effect?

D11 Participation in voluntary anti-corruption initiatives

Importance:
Participation in voluntary initiatives offers strong benefits. Your organization can learn from peers and handle corruption risks more effectively. It also allows organizations to create collective action and minimum standards, thereby encouraging a level playing field. If you are a small or medium sized organization, collaboration through associations or sector initiatives can help in resisting extortion and corruption demands. Participation in voluntary initiatives can help build societal integrity. Organizations that undertake participation in initiatives with the aim of contributing to society can benefit through helping strengthen societies and a business environment in which the risk of corruption is reduced.

How to implement:
Identify existing initiatives through research, discussions with stakeholders, peer organizations and civil society. Consider initiating new initiatives where you identify a need and can find suitable partners.

What to report (Examples):
- List voluntary initiatives or collaborative actions in which your organization participates. Examples are sector initiatives, chamber of commerce or trade association initiatives, inter-governmental and national working groups, international initiatives.
- Specify the type of involvement (active/passive membership) as well as duration of membership.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:
- **Organization:** International Corporate Governance Network (ICGN)
  - **Reporting indicator:** Question No. 26: Where appropriate, does the company participate actively in collaborative efforts with external parties, including other businesses, governments and civil society groups or non-governmental organizations to promote a corruption-free business environment?

Monitoring



3. Monitoring

B7 Monitoring and improvement processes

Importance:
Monitoring and continuous improvement ensure that strengths and weaknesses are identified and that the anti-corruption programme is continuously improved to remain effective and up-to-date in addressing changing risks.

How to implement:
Monitoring compliance and implementing improvements will largely be conducted by internal or external auditors, consultants or service providers. In addition, employee suggestions, reports on use of whistleblowing channels and hotlines can provide information useful to monitor and improve the programme. It is most effective if the results of assessments and other identified improvements form part of a continuing process and are shared broadly across the organization. It is also important that concrete remedial actions are identified and reviewed by the leadership and that necessary changes are implemented and communicated.

What to report (Examples):
- Describe the process in place to undertake monitoring and continuous improvement, who is responsible for the process, how often it takes place, and how results are taken into account including review and oversight by senior management and/or the Board or appropriate Board committees.
- Describe the procedures for internal and external communication of the monitoring and improvement process and the results.

Cross-reference to Reporting Elements within this Guidance:
If your senior management reviews reports from the monitoring process, please refer to Reporting Element D12.

Example of reporting indicators from other organizations:
- **Organization:** Partnering Against Corruption Initiative (PACI)
  - **Reporting indicator:** No. 1: Does your company continuously evaluate its anti-corruption programme group-wide?

D12 Leadership review of monitoring and improvement results

Importance:
Monitoring and continuous improvement will keep your anti-corruption programme up-to-date and relevant to the needs of the organization. As such, the leadership of the organization should oversee the results of reviews and ensure that changes are implemented. This will also show further the commitment and involvement of the leadership in ensuring the implementation of the anti-corruption policy and the assignment of adequate resources to support this.

How to implement:
Responsibility for oversight of the anti-corruption programme will depend upon the governance structure of the organization. It could be the Board or equivalent body, owner or a committee such as an audit or ethics committee. Reviews should be carried out regularly by senior management and/or the audit committee or ethics committee (reporting to the Board) of the effectiveness of anti-corruption policies, including benchmarking against best practice of peer organizations within the same

sector (or across sectors). Results of reviews with specific regular recommendations should be made to the Board or ownership which should then ensure the recommended changes are implemented as judged appropriate.

What to report (Examples):
- Describe the oversight of the review process (e.g., who has ultimate oversight, who conducts the review, who reviews the results, frequency of reviews).
- Describe actions taken, including improvement results.

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:
- **Organization:** Partnering Against Corruption Initiative (PACI)
- » **Reporting indicator:** No. 1: Does your corporate executive management review the evaluation of your company's anti-corruption programme?

D13 Dealing with incidents

Importance:
No organization is immune to the threat of an incident of corruption. Such incidents can present significant adverse consequences for an organization and preparations should be made so that such incidents are handled well, impacts are mitigated and that lessons are learned and measures applied to improve the programme. Adverse consequences can include prosecution by authorities with risk of fines and other costs; reputational damage and undermining of the anti-corruption programme.

How to implement:
It is advisable to devise a process setting out the steps to be taken to deal with incidents, such as:
- Procedures, roles, rights, responsibilities for investigations;
- Investigation by a dedicated corporate team;
- Documented investigation;
- Reporting of findings to the leadership;
- Remedial steps or sanctions taken against relevant employees;
- Appropriate disclosure to relevant authorities;
- Suspension of contracts or payments to any third parties involved;
- Internal and external communication.

What to report (Examples):
- State that there is a process in place for dealing with incidents including remedial steps.
- Describe the process.
- State the nature and number of incidents dealt with and number of disciplinary actions.

Cross-reference to Reporting Elements within this Guidance:
Lessons from dealing with incidents can form part of the improvement process covered in Reporting Element B7.

Example of reporting indicators from other organizations:
- **Organization:** International Corporate Governance Network (ICGN)
- » **Reporting indicator:** Question No. 24: Does the company have internal reporting processes to the board or appropriate board committee on the number and types of relevant incidents that have been detected and remedial actions taken?

D14 Public legal cases regarding corruption

Importance:
Regulatory frameworks may differ in the disclosure requirements for public legal cases (and related information publicly available about existence and details of cases). However, irrespective of applicable disclosure requirements, if any, the management of an organization may determine to report on public legal cases for a variety of reasons. These can include a commitment to a policy of transparency or to a voluntary reporting code (such as the Global Reporting Initiative) or stakeholder expectations. Apart from meeting any regulatory requirements, voluntary reporting of public legal cases is valuable as it can show that the organization acts transparently and takes seriously any incidents or violations of its anti-corruption programme.

How to implement:
Anti-corruption cases, whether pending or closed, can be made public within and outside the organization through appropriate channels such as filings with stock exchange bodies, media communication, sustainability or corporate citizenship reports, announcements to staff.

What to report (Examples):
- List in a corporate publication (such as your annual report or sustainability report or on your website) any current public investigations, prosecutions or closed cases (take care to avoid stating any information that may be misleading or compromising).

Cross-reference to Reporting Elements within this Guidance:
None.

Example of reporting indicators from other organizations:
- **Organization:** Global Reporting Initiative
  - **Reporting indicator:** SO 4: Report any concluded legal cases regarding corrupt practices brought against the reporting organization or its employees during the reporting period

D15 Use of independent external assurance of anti-corruption programmes

Importance:
While there is no agreed-upon standard or code for an effective anti-corruption programme at present, an independent review of an organization's programme can provide the organization with valuable insight into the strengths and weaknesses of its programme. Obtaining an independent external assurance of the design, strength and quality of an organization's anti-corruption compliance programme can offer a range of benefits including:

- enhanced credibility with stakeholders;
- reduced cost of financing by helping external financing institutions to assess risk premium through enhanced information;
- meeting pre-qualification requirements of public sector customers, export credit agencies, inter-governmental lenders, and national lenders;
- strengthening the anti-corruption programme (by forming part of a continuous improvement process);
- mitigating factors in prosecution and/or sentencing in cases where corruption has occurred.

How to implement:
Independent external assurance comprises an external, third-party assessment of an organization's anti-corruption measures. Indepen-

dent assurance comes in two forms:
1) assurance of the adequacy of the design (and implementation) of the programme considering the nature of its business and the corruption risks that it is facing, and
2) testing the effectiveness of measures in place. Assurance can be provided using various frameworks e.g., AA 1000 Assurance Standard, ASEA 3000 or a framework that Transparency International and the Partnering Against Corruption Initiative (PACI) are currently developing with the accounting profession. Assurance engagements could then be carried out by various parties such as assurance providers, lawyers, consultants, inspection agencies, NGOs and others.

What to report (Examples):

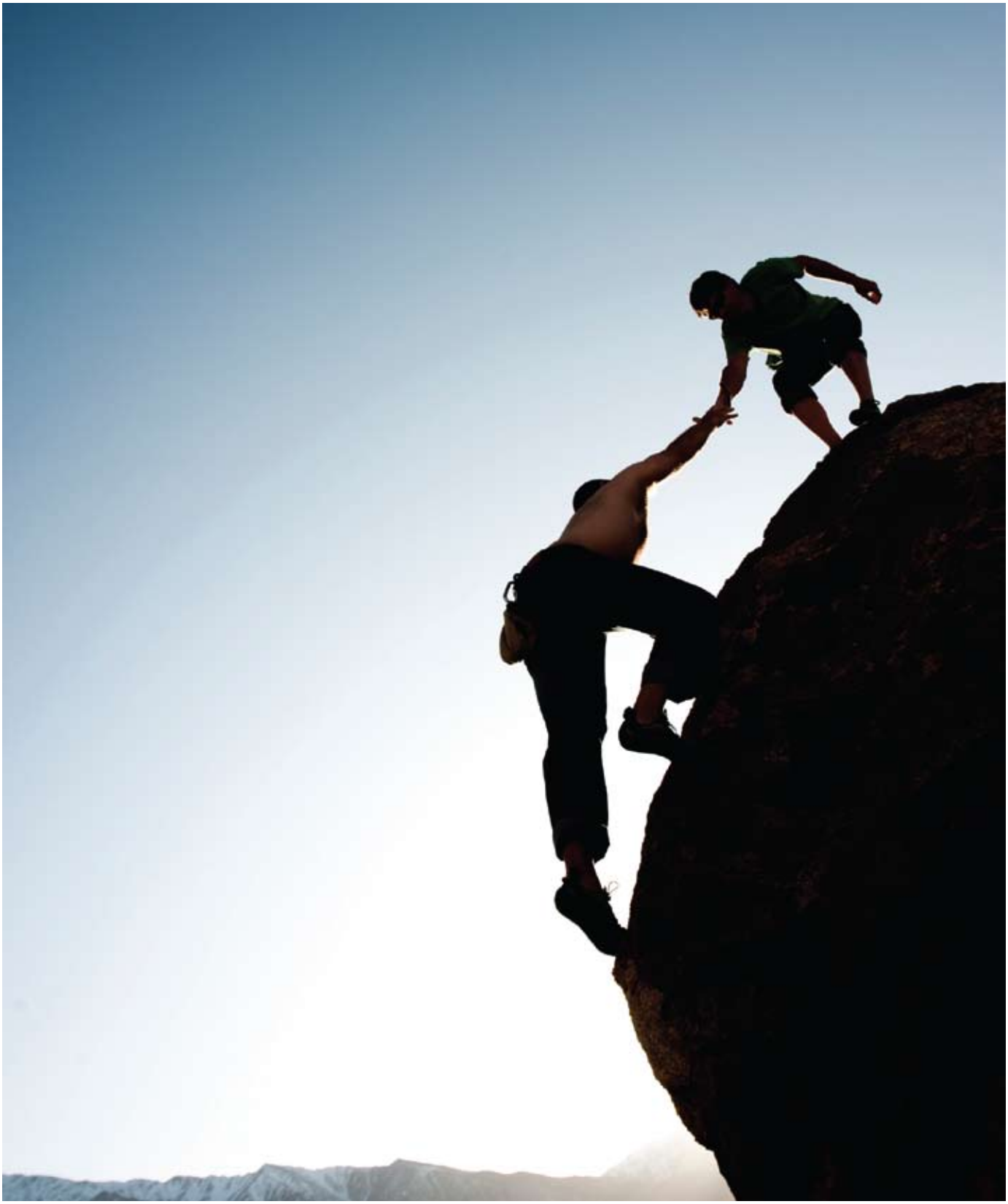
- State that an external assurance of your anti-corruption programme has been carried out.
- Specify the nature and the scope of such an external assurance, i.e., if assurance has been on the programme design and/or effectiveness of the programme.
- Specify the scope of the engagement, e.g., company, subsidiary, business unit or function.
- Describe if the outcomes of an external assurance are publicly available. If yes, please specify.

Cross-reference to Reporting Elements within this Guidance:

External independent assurance will identify areas for improvement and this will form part of the process of continuous improvement covered by Reporting Element B7.

Example of reporting indicators from other organizations:

- **Organization:** Partnering Against Corruption Initiative (PACI)
  - **Reporting indicator:** No. 6: Does your company externally publish the results of anti-corruption assurance provided by external counterparts?



Appendix A: Examples of what to report on

This table provides a summary of practical examples for use in your reporting against relevant Reporting Elements. It must be stressed that this is neither an exhaustive list nor a list of minimum requirements, but rather a selection of examples to assist you in developing your own reporting.

Basic Reporting Elements

ID	Reporting Elements	Examples of what to report on
B1	**Commitment and Policy:** Publicly stated commitment to work against corruption in all its forms, including bribery and extortion	■ Provide your organization's statement against corruption. ■ Describe where the statement can be found publicly (e.g., website, corporate citizenship report).
B2	**Commitment and Policy:** Commitment to be in compliance with all relevant laws, including anti-corruption laws	■ Provide a public written statement that you are committed to be in compliance with all relevant laws and indicate where this statement is published. ■ Describe your procedures and efforts with regard to that statement.
B3	**Implementation:** Translation of the anti-corruption commitment into actions	■ Report on the existence and the elements in your anti-corruption programme. ■ Describe the assignment of responsibility to oversee and implement the anti-corruption programme.
B4	**Implementation:** Support by the organization's leadership for anti-corruption	■ Describe the organization's leadership message. ■ Describe the form of expression (e.g., CEO declaration, corporate social responsibility report, speaking at employee events).
B5	**Implementation:** Communication and training on the anti-corruption commitment for all employees	■ Describe internal communication of the programme such as anti-corruption campaigns, management communications, departmental meetings, publications, business conduct guidelines, internet or intranet resources. ■ Provide monitoring measures such as results of surveys of employee attitudes, publications in local languages. ■ Describe the frequency of such communications (e.g., quarterly, annually). ■ Describe anti-corruption training initiatives. ■ Explain whether the communications and/or the training resources have been translated into multiple languages and if so, describe the principal languages.
B6	**Implementation:** Internal checks and balances to ensure consistency with the anti-corruption commitment	■ Describe specific internal checks and balances such as approval policies and processes, audit plans, expense and invoicing guidelines, etc., aimed at detecting and/or preventing corruption and how these support your anti-corruption commitment. ■ Describe how often you review these internal checks and balances.
B7	**Monitoring:** Monitoring and improvement processes	■ Describe the process in place to undertake monitoring and continuous improvement, who is responsible for the process, how often it takes place and how results are taken into account including review and oversight by senior management and/or the Board or appropriate Board committees. ■ Describe the procedures for internal and external communication of the monitoring and improvement process and the results.

Desired Reporting Elements

ID	Reporting Elements	Examples of what to report on
D1	**Commitment and Policy:** Publicly stated formal policy of zero-tolerance of corruption	■ Provide or describe the current policy. ■ Describe where the policy can be found (e.g., website). ■ Describe the extent to which the policy covers all legal entities and locations over which you have effective control.
D2	**Commitment and Policy:** Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption	■ Describe general statements of support for international and regional frameworks; making specific mention of the treaty or framework supported. ■ Describe your organization's initiatives, if any, to mark the annual International Anti-Corruption Day (9 December).
D3	**Commitment and Policy:** Carrying out risk assessment of potential areas of corruption	■ Describe your current risk assessment procedures (e.g., how often it is carried out, who is in charge, which parts of your organization are covered, how results are dealt with). ■ Describe the business units and subsidiaries for which a risk assessment has been undertaken.
D4	**Commitment and Policy:** Detailed policies for high-risk areas of corruption	■ List the areas of potential risk of corruption which are covered by detailed anti-corruption policies. ■ Describe where these policies can be found and how they are made available to all employees and business partners concerned.
D5	**Commitment and Policy:** Policy on anti-corruption regarding business partners	■ Outline your definition of business partners (e.g., suppliers, agents, joint ventures). ■ Describe how your organization's anti-corruption commitment extends to business partners as well as how anti-corruption commitments from your business partners extend to your organization. ■ Describe your identified high-risk business partners by industry (e.g., public sector). ■ Describe the coverage of your supply chain related to the extension of the anti-corruption policy (identified sizes or types of suppliers, producers). ■ Specify detailed policies for business partners.
D6	**Implementation:** Actions taken to encourage business partners to implement anti-corruption commitments	■ Outline your definition and scope of business partners (e.g., suppliers, agents, joint ventures). ■ Describe specific communication measures and actions, such as training taken to encourage your business partners to implement anti-corruption programmes. ■ Describe the process of monitoring the effectiveness of such communication measures and actions.
D7	**Implementation:** Management responsibility and accountability for implementation of the anti-corruption commitment or policy	■ Describe how responsibilities are assigned in your organizational structure. ■ Provide, if possible, specific reporting indicators used in your organization to support responsibility and accountability for implementation of the anti-corruption commitment or policy.
D8	**Implementation:** Human Resources procedures supporting the anti-corruption commitment or policy	■ Describe how your organization implements effective documented personnel policies and processes that support the anti-corruption commitment, including references to how these were developed (e.g., including consultation with employees, mandatory compliance with the anti-corruption policies and procedures, orientation of recruits, appraisal, remuneration and recognition procedures and disciplinary processes). ■ Report measures of activities and results, such as percentages of recruits that have received anti-corruption orientation or numbers of employees dismissed for non-compliance with organization policies.

ID	Reporting Elements	Examples of what to report on
D9	**Implementation:** Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice	■ Describe individual solutions already implemented or envisaged. ■ Provide statistics of the use of the whistleblowing, advice or hot lines. ■ Specify a break-down of the types of inquiries, provided this will not lead to a breach of confidentiality or security for the reporting employees.
D10	**Implementation:** Internal accounting and auditing procedures related to anti-corruption	■ Describe the internal controls policies and processes (e.g., frequency, scope of organizational coverage, degree of control automation, international frameworks used). ■ Report whether internal and external audits have taken place. ■ Report on the specific mandates given to the audit function, internal and external where applicable.
D11	**Monitoring:** Participation in voluntary anti-corruption initiatives	■ List voluntary initiatives or collabourative actions in which your organization participates. Examples are sector initiatives, chamber of commerce or trade association initiatives, inter-governmental and national working groups, international initiatives. ■ Specify the type of involvement (active/passive membership) as well as duration of membership.
D12	**Monitoring:** Leadership review of monitoring and improvement results	■ Describe the oversight of the review process (e.g., who has ultimate oversight, who conducts the review, who reviews the results, frequency of reviews). ■ Describe actions taken, including improvement results.
D13	**Monitoring:** Dealing with incidents	■ State that there is a process in place for dealing with incidents including remedial steps. ■ Describe the process. ■ State the nature and number of incidents dealt with and number of disciplinary actions.
D14	**Monitoring:** Public legal cases regarding corruption	■ List in a corporate publication (such as your annual report or sustainability report or on your website) any current public investigations, prosecutions or closed cases (take care to avoid stating any information that may be misleading or compromising).
D15	**Monitoring:** Use of independent external assurance of anti-corruption programmes	■ State that an external assurance of your anti-corruption programme has been carried out. ■ Specify the nature and the scope of such an external assurance, i.e. if assurance has been on the programme design and/or effectiveness of the programme. ■ Specify the scope of the engagement, e.g., company, subsidiary, business unit or function. ■ Describe if the outcomes of an external assurance are publicly available. If yes, please specify.

Appendix B: List of sources for reporting indicators

Organization	Document title
FTSE4Good	FTSE4Good Countering Bribery Criteria, 2005
Global Reporting Initiative	Sustainability Reporting Guidelines, Version 3.0, 2006
International Corporate Governance Network (ICGN)	ICGN Statement and Guidance on Anti-Corruption Practices, 2009
Transparency International	Business Principles for Countering Bribery, TI Self-Evaluation Tool, June 2008
World Economic Forum Partnering Against Corruption Initiative (PACI)	PACI Self-Assessment Template, 2008


DON'T GIVE
DON'T TAKE
CORRUPTION MUST GO
BE CORRUPTION FREE !
courtesy: ANTI CORRUPTION CLUB
OF N.Y.S.C. KABBA ZONE 2006/07.
BATCH B

Appendix C: Additional Global Compact resources on anti-corruption

The Global Compact offers further guidance, tools and publications related to anti-corruption, which can be consulted as complementary documents or used as inspirational examples.[6]

Brochures and short publications

The publication *Clean Business Is Good Business – The Business Case against corruption*[7] provides an overview of the scope and issues at stakes with respect to anti-corruption. It was prepared jointly by the Global Compact, the International Chamber of Commerce, Transparency International and the World Economic Forum. It is an introduction to *Resisting Extortion and Solicitation in International Transactions (RESIST)*[8], a tool providing practical guidance for practitioners on how to respond to an inappropriate demand by a client, business partner or public authority. It provides examples of 21 business scenarios where extortion and solicitation can occur and the response options available to companies.

Guidance documents on anti-corruption

Business against corruption: A framework for action. Implementation of the 10th UN Global Compact Principle against corruption[9] is a guide for companies seeking to implement the objectives of the tenth principle and to deal with corruption in every aspect of their operations. It was published jointly by the UN Global Compact, the Prince of Wales International Business Leaders Forum and Transparency International. The guide suggests steps to help companies fight corruption, internally, externally and through collective action. It provides links to a range of resources and international initiatives already in place. A complementary publication, *Business against Corruption – Case Stories and Examples*[10] provides a large number of inspirational examples, case stories and white papers on anti-corruption policies and mechanisms.

The publication *Fighting Corruption through Collective Action* describes how companies can reach out to industry peers, suppliers and other stakeholders to initiate joint activities against corruption, particularly in high-risk regions and sectors. It provides concise guidelines and practical examples through case summaries.

Business Fighting Corruption: Experiences from Africa[11] represents a collection of case studies showcasing how organizations and businesses in Africa are addressing the challenge of corruption. The publication aims to assist managers in fighting corruption and increasing transparency.

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6 All relevant publications can be found at:
http://www.unglobalcompact.org/Issues/transparency_anticorruption/Anti-Corruption_Guidance_Material.html
7 http://www.unglobalcompact.org/docs/news_events/8.1/clean_business_is_good_business.pdf
8 http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/RESIST.pdf
9 http://www.unglobalcompact.org/docs/issues_doc/7.7/BACtextcoversmallFINAL.pdf
10 http://www.unglobalcompact.org/docs/issues_doc/7.7/BACbookFINAL.pdf
11 http://www.unglobalcompact.org/docs/news_events/8.1/bfc_web.pdf

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The Global Compact Office is located at UN Headquarters in New York.

For staff contact information, please visit the Global Compact website: http://www.unglobalcompact.org/AboutTheGC/contact_us.html

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The Ten Principles of the United Nations Global Compact

HUMAN RIGHTS

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 the elimination of all forms of forced and compulsory labour;

Principle 5 the effective abolition of child labour; and

Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7 Businesses are asked to support a precautionary approach to environmental challenges;

Principle 8 undertake initiatives to promote greater environmental responsibility; and

Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Published by the UN Global Compact Office
Contact: unglobalcompact@un.org
December 2009

TRANSPARENCY INTERNATIONAL
the global coalition against corruption