

# TRANSPARENCY AND INTEGRITY SELF-ASSESSMENT FOR BUSINESS

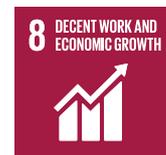


Promoting business integrity and good corporate governance for the achievement of the SDGs

## BACKGROUND

The Sustainable Development Goals (SDGs) are a universal call to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. Partnerships and buy in from private sector are crucial to achieving these goals. Goal 16 of the SDGs calls for Peace, Justice, and Strong Institutions. Businesses can specifically support Goal 16 by eliminating corruption in their operations and their supply chains. This action also affects private sector achievement of additional goals that may otherwise be impeded by corruption, for example Goal 8 Decent Work and Economic Growth.

This self-assessment is designed to provide businesses with a first glimpse of where they stand in terms of their anti-corruption policy and implementation and where there may be gaps. The self-assessment serves as first point of entry for a company to further engage in understanding and improving their commitment to business integrity. The self-assessment itself is based on several sources, including the OECD'S Good Practice Guidance on Internal Controls, Ethics, and Compliance (2010), Transparency International's Business Principles for Countering Bribery (2013), and the United Nation's Global Compact's Business Against Corruption Framework for Action (2011), which provide a sampling of what a comprehensive transparency and accountability program for business could become.



## THE CHECKLIST EXPLORES FOUR MAIN AREAS:



1) Company's policy



2) Internal controls



3) Whistleblowing and action



4) Training and public disclosure

These areas are recommended in order to ensure the proper functioning of a company's anti-corruption program, although a more comprehensive program may be necessary in high risk sectors. The checklist can also be tailored to higher risk sectors or for SMEs. (At this stage SMEs can use N/A for questions that are not relevant).

## 1. WHO ARE YOU?

CEO/COO/Director

Board Member

General Counsel

Human Resources Officer

Sustainability Officer

Other, please state: \_\_\_\_\_

## 2. YOUR COMPANY IS

Micro (<10 employees)

Small (10-49 employees)

Medium (50-249 employees)

Large (>250 employees)

## 3. WHAT IS YOUR INDUSTRY?

Why is this important? Though most industries are susceptible to bribery and corruption. Some industries are more at risk for corruption due to the nature of their operations or sector. For example, logistics can often run into integrity issues if shipping materials across borders and over large distances. Other industries that might have higher corruption risks are oil and gas, telecommunications and construction. Though most industries are susceptible to bribery and corruption. Some industries are more at risk for corruption due to the nature of their operations or sector. For example, logistics can often run into integrity issues if shipping materials across borders and over large distances. Other industries that might have higher corruption risks are oil and gas, telecommunications and construction.

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## 4. WHERE IS YOUR COMPANY HEADQUARTERED?

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## 5. IN WHAT COUNTRIES ARE YOUR OPERATIONS?

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## 6. DO YOU USE AGENTS OR PARTNERS TO CONDUCT BUSINESS ACTIVITIES? IF SO, PLEASE EXPLAIN

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## 7. POLICY FRAMEWORK:

YES

NO

UNSURE

N/A

a. Is there anti-corruption policy in place?

b. Does the policy articulate zero tolerance towards corruption?

	YES	NO	UNSURE	N/A
<p><b>c. Does the policy have commitment from the company's leadership?</b></p> <p>Why is this important? Commitment from "the top" lends further credibility to the policy, by highlighting its importance to leadership and demonstrating that no one in the company is exempt from the policy.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>d. Does the policy prohibit giving bribes to public officials? policy articulate zero tolerance towards corruption?</b></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>e. Does the policy prohibit receiving bribes from public officials?</b></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>f. Does your policy prohibit receiving and giving bribes to other private sector companies?</b></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>g. Does the policy prohibit extortion?</b></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>h. Does the policy prohibit sextortion?</b></p> <p>Why is this important? Women can be affected by corruption in different ways than men. It is important that the policy recognizes and acknowledges these differences. One example of corruption affecting women differently, is sextortion where sexual favors are used as a currency for corrupt practices.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>i. Does the policy prohibit facilitation payments?</b></p> <p>Facilitation payments are small payments or "tea money" that is used to facilitate a transaction or a service. While these are small amounts, they are considered illegal in many jurisdictions.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>j. Does the policy limit giving and receiving gifts?</b></p> <p>Gifts and hospitality in many parts of the world are a normal part of doing business. Businesses should be careful about the quality of the gift or hospitality (consider putting strict monetary limits in place), the frequency (logging gifts to understand how often they are occurring), and timing/reasoning (i.e. is the gift being given while decisions are being made regarding the business relationship?)</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>k. Is there a policy on giving and receiving hospitality?</b></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>l. Does the policy prohibit political contributions?</b></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>m. Is there a policy on charitable contributions and sponsorships?</b></p> <p>Charitable contribution if offered to influence a decision related to the business. For example, contributing to a charity run by a government official's wife, if the government official is overseeing a contract award or licensing process for the company. Having a proper policy and procedures in place to evaluate when charitable donations are given can help limit the company's risk.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>n. Does either your procurement or your recruitment policy contain a statement prohibiting nepotism?</b></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**YES NO UNSURE N/A**

**o. Are regular risk assessments conducted to track the anti-corruption policy's effectiveness?**

**p. Does your policy include or relate to an additional policy on anti-money laundering?**

Certain industries, such as banking, real estate, and hospitality, can be at greater risk for money laundering. Policies should be put in place to ensure the company is not implicated in money laundering.

**8. IS THE POLICY APPLICABLE TO:**

**YES NO UNSURE N/A**

**a. The board of directors**

**b. Executives**

**c. Staff**

**d. Agents**

Why is this important? Agents, suppliers, partners should all follow the company's anti-corruption policy to avoid extended liability in a company's supply chain or with other business relationships. Companies should also be careful not to "outsource" their corruption to agents or suppliers.

**e. Suppliers**

**f. Partners**

**g. Joint ventures**

**h. Subsidiaries**

**9. INTERNAL CONTROLS**

**YES NO UNSURE N/A**

The OECD Guidelines suggest high quality accounting standards in place with financial and non-financial disclosures. Maintaining strong internal controls can be a company's first line of defense to detect, prevent, and mitigate corruption.

**a. Is there an adequate accounting system with clear records in place?**

**b. Are there regular audits conducted by external auditors?**

**c. Is there a high-level staff member appointed to implement the anti-corruption policy?**

**d. Is there a conflict of interest (COI) statement submitted annually?**

	YES	NO	UNSURE	N/A
e. Is the COI applicable to the board of directors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Is the COI applicable to executives?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Is the COI applicable to all staff?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 10. WHISTLEBLOWING AND ACTION

	YES	NO	UNSURE	N/A
a. Is there a whistleblowing mechanism in place?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Is it confidential?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Is there a non-retaliation policy statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Is the mechanism accessible?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Is the mechanism gender sensitive?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the mechanism take into account different ways in which women may feel comfortable reporting about wrongdoing, either in accessibility, confidentiality or in non-retaliation? Does the mechanism consider ways in which women can report incidents of sextortion?				
f. Are there independent procedures in place to investigate and follow up on reports?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Have actions been taken in response to incidents of corruption?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 11. PUBLIC DISCLOSURE AND TRAINING

	YES	NO	UNSURE	N/A
a. Is there a public commitment to anti-corruption?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A public commitment to anti-corruption is recommended to demonstrate to consumers, potential partners, shareholders, and regulators the company's strong commitment to anti-corruption, by transparency disclosing the company's stance and policy the company is making it clear that corruption is not acceptable to the company.				
b. Is the anti-corruption policy available on the company's website?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Does the company produce an annual report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
According to Transparency International, companies that demonstrate increased transparency about business operations, maintain stronger corporate governance systems to detect and prevent bribery and corruption.				

	YES	NO	UNSURE	N/A
d. Does the annual report provide information publicly on board remuneration?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Does the annual report provide information on domestic tax obligations for the company's operations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Does the annual report provide information on taxes paid in foreign countries where the company operates?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Does the company produce and annually share a sustainability report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Are staff regularly trained on the anti-corruption policy and how to respond to corruption?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Training is an important component in ensuring that staff know how to use the anti-corruption policy and what it means. Consistent training can help improve staff knowledge and understanding of the policy, as well as stressing the importance of the policy.</p>				
i. Are refresher trainers and reminders regularly provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Does the company participate in collective action initiatives on anti-corruption?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. If, so please explain what these initiatives are:	_____			
l. Are you concerned about business integrity in your company and/or in your supply chain and partnerships?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**12. FOLLOWING THE COMPLETION OF THIS CHECKLIST, PLEASE HIGHLIGHT ANY AREAS WHERE YOU WOULD LIKE TO HAVE MORE INFORMATION OR SUPPORT FROM UNDP:**

a. what type of additional support would you be interested in:

Training

Policy development

Further analysis of company policy

Other, please state

# ANALYSIS GUIDANCE

## TRANSPARENCY AND INTEGRITY SELF-ASSESSMENT FOR BUSINESS

### OVERVIEW

The objective of this guidance is to provide the background for conducting a more comprehensive analysis of a company's responses to the business integrity checklist. The guidance provides more information about the questions and how to analyse the company's responses to give an overall reading of the how company fares in their anti-corruption programming. For scoring, responses are tied to colour signs: RED, ORANGE, and GREEN. A "YES" response correlates to a GREEN sign and a "NOT SURE" should largely be taken as a RED sign, more guidance on how to score each question is included below.

Companies should receive comprehensive feedback on their responses and analysis should be conducted by each section. Recommendations for the companies and further literature or guidance should be offered whenever possible. While this checklist is meant to provide an initial understanding of a company's anti-corruption programme, it is not a comprehensive evaluation which would require interviews, spot checks on records, and further analysis. This checklist is designed to give companies an initial read on their anti-corruption programme from a policy perspective. Further support and analysis should be made available for companies who are interested.

### Questions 1-6 (Background)

While these questions are largely designed to provide background information about the survey taker, there is room for analysis here as well.

### Question 2

The size of the company. The size of the company is important for understanding the depth and extent of the company's anti-corruption programme. While all companies, regardless of size, should have some internal tools and mechanisms for detecting and preventing corruption, the full extent of the programme may vary. Typically, micro and small companies should adapt their anti-corruption programme to fit the needs and size of the company. Medium and larger companies should build larger more comprehensive anti-corruption programmes.

#### Resources:

Transparency International's [Principles for Countering Bribery](#)  
Transparency International's [Principles for Countering Bribery SME Edition](#)  
[UNDP business integrity toolkit for Young Entrepreneurs](#)

### Question 3

Industry. Some industries are more susceptible to corruption due to the nature of their operations. If a company is involved in an industry that is known for being at a higher risk for corruption, this should be flagged in the analysis. If a company indicates that they operate in a high-risk sector, this should be flagged in the analysis. *Companies in higher risk sectors should have strong internal control mechanisms and should ensure that their suppliers, agents, and partners are aware of and also follow the same commitment to anti-corruption.*

#### Resources:

Ernst and Young, [Managing fraud, bribery and corruption risks in the mining and metals industry](#)  
Ernst and Young, [Managing bribery and corruption risks in the oil and gas industry](#)  
Transparency International, [Corruption in the Pharmaceutical industry](#)

## Question 4

Company headquarters. While a company may be operating in Asia, their headquarters may be based elsewhere. Depending on the location of the headquarters, the company may be subject to broader anti-corruption legal requirements even in overseas operations. If a company has a headquarters in a jurisdiction where individuals and corporates are prohibited from bribing foreign officials, this should be flagged in the analysis. The following is a list of laws and foreign jurisdictions that may be relevant:

- UK Anti-Bribery Act-criminalizes corruption overseas committed by UK headquartered companies.
- U.S. Corrupt Foreign Practices Act-criminalizes corruption overseas committed by US headquartered companies.
- Sapin II-criminalizes corruption overseas committed by French headquartered companies
- Corruption of Foreign Public Officials Act-criminalizes corruption overseas committed by Canadian individuals or companies.
- The Australian and Dutch Criminal Codes both prohibit bribing foreign public officials.
- Unfair Competition Prevention Act-prohibits bribery of foreign public officials.

## Question 5

Country Operations. Similar to sectors, the country where a company operates may also trigger corruption risks, as some countries demonstrate a higher risk for corruption. Companies operating in these contexts should be aware and should implement heightened standards to detect and prevent corruption, including stronger internal controls, ongoing corruption risk assessments, and ensuring agents, suppliers, and partners maintain the same commitment to anti-corruption.

### Resources:

Transparency International's [Corruption Perception Index](#)

The World Bank, [Ease of Doing Business Survey](#)

American Chamber of Commerce in Singapore, [ASEAN Business Outlook Survey 2019](#)

## Question 6

Agents. Agents can present an additional corruption risk for companies, because companies can intentionally or unintentionally “outsource” their corruption by hiring an agent to complete a particular process(es) on their behalf. This can include obtaining a license or a permit or an additional government permission. By hiring agents to complete a particular process, and bill for their services, any potential bribes in completing the process will be subsequently hidden. In many jurisdictions, agents working on behalf of a company who commit who engage in corruption, can also implicate the company who engaged the agent. Companies who answer positively to this question, should be advised that agents can create of risk of outsourcing corruption and companies' should take additional steps to ensure that the agent is committed to anti-corruption, and will not engage in corruption on behalf of the company.

## 7. Policy Framework Questions (16 questions: a-p)

These questions will be marked based on the answers RED, ORANGE, or GREEN. For this section, more than 8 questions with a RED equate to a RED for the whole section. If the company answers more than 8 questions with a GREEN then the company will receive a GREEN for the whole section. Any combination will warrant an ORANGE for the section. N/A answers will not be scored.

### Question 7a.

Anti-Corruption Policy. Companies, regardless of the size, should have an anti-corruption in place. This policy can be as simple, for small companies, as a short statement outlining the company's commitment to anti-corruption and prohibiting bribery in any form. If a company answers positively to this question, further questions will indicate the depth and extent of the policy. If a company answers NO to this question, mark this as RED and the analysis should strongly recommend that the company prioritize developing and implementing an anti-corruption policy.

## Question 7b

Zero Tolerance. In order to be effective, a company's policy commitment against corruption should clearly prohibit corruption in all forms. The company should have a zero-tolerance policy. If a company answers negatively to this question, mark this as RED and the analysis should recommend that the company revise its existing anti-corruption policy to include language on zero tolerance.

## Question 7c

Policy commitment from the top. A commitment to anti-corruption from the leadership of a company is another additional element in ensuring the effectiveness of the anti-corruption policy. By setting the tone against corruption, company leaders can help to ensure the policy is taken seriously and create a culture of an integrity within the company. Companies who answer negatively here should be marked as RED here and reminded that the tone from the top is essential in ensuring an effective anti-corruption policy and company leadership should take visible steps to ensure that internal and external stakeholders are aware of this commitment.

## Question 7d

Prohibit giving bribes to public officials. An effective anti-corruption must prohibit bribes to public officials. This is also required under the law in most, if not all jurisdictions. Even for small companies, the policy should include a clear statement prohibiting bribery to public officials. A company who answers negatively here, should receive a RED sign and should be encouraged to include a policy prohibiting bribery to public officials.

## Question 7e

Prohibit receiving bribes from public officials. Anti-corruption policies should prohibit both the giving and receiving of bribes to public officials. Again, in most jurisdictions the receiving of a bribe is also illegal. Companies who answer negatively to this question should receive a RED sign and should be reminded to include a clause prohibiting the receipt of bribes in their anti-corruption policy.

## Question 7f

Prohibit giving and receiving bribes to other private sector companies. In addition to bribery involving public officials, bribery involving other private sector entities should be prohibited as well. Most, if not all jurisdictions, prohibit bribery to private sector entities. This clause should also be applicable to the small companies, as well as large companies. Companies who answer negatively to this question should receive a RED sign and should be advised to include a clause in their anti-corruption policy prohibiting the receipt or giving of bribes to other private sector companies.

## Question 7g

Extortion. Extortion is the act of utilizing, either directly or indirectly, one's access to a position of power or knowledge to demand unmerited cooperation or compensation as a result of coercive threats. Typically, bribe payments once they have started, cannot be stopped. Once a company starts to bribe it cannot maintain a public position that they do not pay bribes, thus setting themselves for extortion. Alongside this prohibition, companies should set up mechanisms for independent reporting mechanisms (Transparency International, Anti-Corruption Glossary). Both small and large companies should be encouraged to include an extortion clause in their anti-corruption policy if they answer negatively to this question. Both small and large companies should also ensure independent mechanisms to report extortion. Companies who answer NO to this question should be given a RED sign and should be encouraged to implement a policy on extortion.

## Question 7h

Sextortion. Sextortion is defined as a form of sexual exploitation and corruption that occurs when people in positions of authority (government officials, judges, educators, law enforcement personnel, or employers) seek to extort sexual favours in exchange for something within their power to grant or withhold. In effect, sextortion is a form of corruption in which sex, rather than money, is the currency of the bribe<sup>1</sup>. Both small and

<sup>1</sup> Sara Carnegie, International Bar Association, Sextortion: A crime of corruption and sexual exploitation, 2019, available here: <file:///C:/Users/sopha/Downloads/Sextortion-report-July-2019-A5.pdf>.

large companies should prohibit sextortion, as this form of corruption is possible, regardless of the size of the company. Companies who answer negatively to this question should be advised in the analysis to prohibit sextortion in their anti-corruption policy, including a definition of the term, and consider offer training to staff on the concept of sextortion and the company's policy on sextortion. Companies who answer NO to this question should be offered a RED sign and the company should be encouraged to include a policy on sextortion and to consider including sexual harassment as an integrity violation as it limits peer to peer accountability.

## **Question 7i**

Facilitation payments, sometimes known as tea money, are small extra payments to encourage a public official to complete a task that they are already mandated to do. This can occur in the context of "speeding up" a process. Most jurisdictions include facilitation payments as a form of bribery that is prohibited. One notable exception to this is the United States Foreign Corrupt Practices Act, which allows facilitation payments up to a limit. The limit here is not defined and companies must be mindful that this area of the law is relatively subjective. To be on the safe side, all companies should be advised to prohibit facilitation payments. A company, regardless of size, who answers negatively to this question, should be offered a RED sign and advised to include a clause prohibiting facilitation payments in their policy. Companies should also be advised to plan for and build time into their planning for licenses or permits, so they are not pressured to pay a facilitation payment later down the road.

## **Question 7j**

Gifts. Gifts can be a normal part of doing business in many parts of the world. Companies should have a policy that ensures that gift giving or receiving is proper. The policy should prohibit gift giving or receiving if seen as a means to influence a decision or if there is any inference of improper behaviour. Policies should consider a monetary amount limit depending on the size of the company and what would be considered appropriate. Policies should also consider the frequency and timing of gifts. Companies who answer negatively to this question should receive a RED sign and should be encouraged to include a comprehensive policy on gift giving and receiving. Both large and small companies should focus on ensuring a monetary amount limit. Both small and large companies should consider keeping a gift log, where they can note down gifts given and received, to or by whom, and their value amounts, which should be reviewed quarterly.

## **Question 7k**

Hospitality. Similar to gifts, companies should also maintain a policy on hospitality governing relationships with other private sector companies and public officials. Just as with gifts, companies should ensure that all hospitality, whether given or received, is proper. Policies should consider a monetary amount limit on hospitality depending on the size of the company and what would be considered appropriate. Policy should consider the frequency and timing of hospitality. Companies who answer negatively to this question should be encouraged to include a comprehensive policy on hospitality giving and receiving. Both and small companies should focus on ensuring a monetary amount limit. Both small and large companies should consider keeping a gift log, where they can note down hospitality given and received, to or by whom, and their value amounts, which should be reviewed quarterly. Companies who answer NO to this question should be given a RED sign and encouraged to draft and implement a hospitality policy.

## **Question 7l**

Political contributions. Political contributions directly or indirectly from the business to a political campaign or public official, as they can be viewed as creating an improper relationship. Companies should prohibit political contributions. Large and Medium companies should also prohibit political contributions made by agents working on behalf of the company. Large companies who answer NO to this question should be given a RED sign, small companies who answer NO to this question should be given an ORANGE sign and both should be encouraged to build a policy on political contributions.

## **Question 7m**

Charitable contributions and sponsorships. Charitable contributions and sponsorships can be an important aspect of a company's CSR or visibility plans, however a policy should be in place to ensure that charitable contributions and sponsorships are not used improperly. Ex. Giving a charitable donation to the charity run by a government official's spouse during a license review process. Companies, particularly large companies,

who answer negatively to this question should be given a RED sign and encouraged to include a charitable contributions and sponsorships policy that prohibits improper donations and sponsorships and includes procedures for relevant departments to go through a proper review and approval process that is well documented and logged.

### **Question 7n**

**Nepotism.** Nepotism is a form of favouritism based on acquaintances and familiar relationships whereby someone in an official position exploits his or her power and authority to provide a job or favour to a family member or friend, even though he or she may not be qualified or deserving (Transparency International, Anti-Corruption Glossary). Nepotism in the long term can be detrimental to a company, because companies could find themselves hiring less than competent employees or awarding contracts to less than deserving vendors, which could decrease the company's quality. This can be challenging in Southeast Asia, where many businesses are family business, however large companies should ensure that Human Resource Policies maintain strict prohibitions and controls against nepotism. If a large company answers NO to this question give a RED sign here, and strongly encourage a policy on nepotism. If a medium or small company answers NO to this question give an ORANGE sign here and encourage a policy be put in place.

### **Question 7o**

**Risk Assessments.** Risk assessments is the process of identifying and analysing potential risks or opportunities a company may face. Large companies should conduct risk assessments on a regular basis to ensure their operations are free from corruption, particularly companies should ensure that risk assessments are conducted at the start of a new business relationship or partnership, new projects, or entering into new markets. Large companies who answer negatively to this question should receive a RED sign and be encouraged to include risk assessments in their anti-corruption policy. Small companies should consider risk assessment with new suppliers or partners, small companies who answer NO to this question should receive an ORANGE sign.

### **Question 7p**

**Anti-Money Laundering.** An anti-money laundering policy may be more relevant to certain industries, rather than others. High risk industries for money laundering include real estate, banking, construction, and accounting. Anti-Money Laundering policies should be tied to anti-corruption policy, but should also be a stand-alone policy, particularly for at-risk industries. In their Anti-Corruption programme, companies should be encouraged to include a statement against money laundering in their business operations. A company in a high-risk industry who answers NO to this question should receive a RED sign and encouraged to implement an AML policy. All other companies who answer NO should receive an ORANGE sign.

## **8. Policy Applicability**

More than 4 red signs here should result in a RED for the whole section, more than 4 green signs should result in a GREEN for the whole section. Any combination will warrant an ORANGE for the section. N/A answers will not be scored.

### **Question 8a**

**The Board of Directors.** In an effort to ensure the policy is effectively implemented, the tone from the top should extend to the company's board of directors. Company staff should not feel that the Board of Directors are exempt from the anti-corruption policy due to their status, as this will undermine efforts to enforce the policy throughout the company. Creating a culture of integrity within the company, includes the Board of Directors. Large companies who answer negatively to this question should receive a RED and should be encouraged to require a commitment to anti-corruption from the Board of Directors under the anti-corruption policy. Companies without a Board should mark NA here.

## Question 8b

Executives. As noted above, creating a culture of integrity within a company requires that the anti-corruption apply to executives. Companies, of all sizes, who answer negatively to this question should receive a RED sign and should be advised to ensure the anti-corruption is applicable to the company executives and that the executive publicly recognized this applicability, to ensure an effective tone from the top.

## Question 8c

Staff. The anti-corruption policy should be applicable to all staff. Staff should be required to review the policy, to sign it annually, and to receive annual training on the anti-corruption policy. Companies who answer NO to this question should receive a RED sign.

## Question 8d

Agents. As noted above, agents who work on behalf of a company can create an additional risk for the company. Companies should ensure that agents are aware of the company's stance on corruption and should commit themselves to anti-corruption. All companies who answer NO to this question should receive a RED sign, and strongly encouraged to share their anti-corruption policy with their agents.

## Question 8e

Suppliers. Suppliers are an important part of a company's supply chain. Similar to agents, companies can be held liable for the corruption committed by their suppliers. Therefore, companies who answer negatively to these questions should be encouraged to make sure their supplies have read and signed on to the company's anti-corruption policy. When possible, the company should also ensure their suppliers have the necessary internal controls and protections to detect and prevent corruption. Small companies who answer NO to this question should receive an ORANGE sign and encouraged to share their anti-corruption policy with their suppliers. Large and Medium companies who respond NO this question should receive a RED sign and strongly encouraged to share their anti-corruption policy with their suppliers.

## Question 8f

Partners. Business partners are an important component to maintaining or growing a business, however partners must have the same anti-corruption values as the company. Companies should ensure that business partners are aware of the company's anti-corruption policy and have also committed to anti-corruption. Companies, regardless of size, who answer negatively to this question should receive a RED sign and encouraged to ensure that their business partners are committed to anti-corruption and have implemented anti-corruption policies in their companies.

## Question 8g

Joint ventures. Joint ventures can be an essential part of a company's growth, however it is essential that anti-corruption policies extend to joint ventures and that joint ventures are aware of a company's stance on corruption from the beginning of the relationship. Companies who do not have a joint venture should respond NA to this question. Companies who answer negatively to this question should receive a RED sign and ensure that their joint ventures are committed to anti-corruption and have implemented anti-corruption policies.

## Question 8h

Subsidiaries. Subsidiaries are also an important aspect of a company's growth. Anti-Corruption policies should also apply to subsidiaries. Since subsidiaries may be located in different countries from the parent company, parent companies should make every effort to ensure that their anti-corruption is applied to the context of the country where the subsidiary operates and the subsidiary agrees to implement the anti-corruption policy accordingly. Companies who do not have any subsidiaries should answer NA to this question. Companies who answer negatively to this question should receive a RED sign and should ensure their subsidiaries are aware of their anti-corruption policy and should be given guidance on their own implementation.

## 9. Internal Controls

Companies who receive 4 red signs here should receive a RED for the whole section, companies who receive 4 green signs here should receive a GREEN for the whole section. Any combination will warrant an ORANGE for the section. N/A answers will not be scored.

### Question 9a

Adequate Accounting System-UNCAC and the OECD recommend that companies have accounting systems with clear records. Companies, regardless of their size, who answer NO to this question should receive a RED sign and should be strongly advised to put in place a strong accounting system regardless of their size.

### Question 9b

Regular Audits conducted by external auditors-It can be a challenge for small or medium enterprises to understand why an external auditor may be important. Larger companies or companies with shareholders are more equipped and understand better the value of external auditors. Large companies who answer NO should be encouraged to undergo external auditing. Small and medium companies should be encouraged, but they should receive an ORANGE.

### Question 9c

Appointed staff member for the anti-corruption policy. For small companies, this person can be integrated into another role-human resources manager, compliance manager etc. If a small company answers NO to this question, they should receive an ORANGE and a recommendation should be made that they incorporate this role into an existing role that make sense in their company. If a large company marks NO to this question, they should receive a RED and a recommendation that a person be hired to oversee implementation of the anti-corruption policy.

### Question 9d

Conflict of interest statements-A conflict of interest declaration statement can help to clarify any potential conflicts that employees or members of the board may have that could conflict with the business. They should be filled out annually or whenever a conflict arises (procurement, hiring, etc). Both small and large companies should do this as its not overly burdensome. If a company answers NO to this question, they should be given a RED sign and encouraged to require conflict of interest declarations from staff and members of the board.

### Question 9e

If a large company answers NO to this question a RED sign should be given and the company should be encouraged to require board members to fill out the conflict of interest form. A small company or company without a board may answer NA to this question.

### Question 9f

If a company, regardless of size, answers NO to this question a RED sign should be given and the company should be encouraged to require executives to fill out the conflict of interest form.

### Question 9g

If a company, regardless of size, answers NO to this question a RED sign should be given and companies should be encouraged to require staff to complete the conflict of interest declaration when they join the company, annually, and when a conflict arises.

## 10. Whistleblowing and Action

Companies who receive 4 red signs here should receive a RED for the whole section, companies who receive 4 green signs here should receive a GREEN for the whole section. Any combination will warrant an ORANGE for the section. N/A answers will not be scored.

### Question 10a

Adequate Accounting System-UNCAC and the OECD recommend that companies have accounting systems with clear records. Companies, regardless of their size, who answer NO to this question should receive a RED sign and should be strongly advised to put in place a strong accounting system regardless of their size.

### Question 10b

Confidentiality. In order to be effective, whistleblowing mechanisms should be confidential between the person making the complaint and those necessary to resolve the complaint. If a company answers NO an ORANGE sign should be given and the company should be encouraged to ensure the confidentiality of the whistleblowing mechanism.

### Question 10c

Non-Retaliation Policy. A non-retaliation policy is essential for a whistleblowing mechanism to encourage staff to come forward with whistleblowing complaints. Without a strong statement of non-retaliation, the whistleblowing mechanism can be rendered ineffective. A NO response to this question by any company should receive a RED sign and companies should be strongly encouraged to include a non-retaliation statement in their whistleblowing mechanism.

### Question 10d

Accessibility. A whistleblowing mechanism is only effective if it is accessible. Accessibility can mean the language used for reporting, using an email or phone mechanism that staff can use, regularly ensuring a phone line mechanism is operational. Companies should conduct regular checks on the accessibility of the whistleblowing mechanism. A company who answers NO to this question, should receive a RED sign and should be strongly encouraged to improve the accessibility of the mechanism.

### Question 10e

Gender Sensitivity. Women sometimes face different types of corruption issues, including sextortion. The whistleblowing mechanism should be created with gender sensitivities in mind, so that women feel comfortable using the mechanism and are protected while doing so. Special attention should be paid to whether the mechanism is accessible to women. A company who answers NO here, should be marked with a RED sign and encouraged to ensure that the whistleblowing mechanism is gender sensitive.

### Question 10f

Independent Procedures. In order for whistleblowing mechanisms to operate effectively, they must be supported by independent procedures, including investigations and resolution committees. If a company answers NO to this question a RED sign should be given and a recommendation that the grievance mechanism be supported by independent investigations and committees. If a company answers NOT SURE to this question, an ORANGE sign should be applied as it is important that companies know and understand that the grievance mechanism is supported by independent procedures.

### Question 10g

Actions. It is important that follow up actions are carried out transparently and in a timely fashion. Responses to complaints should be tracked and shared regularly with confidential information removed. If a company answers NO or NOT SURE to this question an ORANGE sign should be given and companies should be encouraged to track and share responses to grievance mechanisms.

## 11. Public Disclosure and Training

Companies who receive 5 red signs here should receive a RED for the whole section, companies who receive 5 green signs here should receive a GREEN for the whole section. Any combination will warrant an ORANGE for the section. N/A answers will not be scored.

### Question 11a

Public commitment to anti-corruption. Companies regardless of their size should be transparent about their commitment to anti-corruption, either via the website, in public statements, in reports, or in their contracting or in signage at their premises when appropriate. Companies who answer NO to this question, regardless of size, should be given a RED sign and should be encouraged to make a public commitment to anti-corruption.

### Question 11b

Anti-Corruption policy on a company's website. Companies should publicly state their commitment to anti-corruption on their website as it is an important step in ensuring the effectiveness of their anti-corruption programme. Large companies who answer NO to this question should be given a RED stop sign and strongly encouraged to publicly disclose their anti-corruption commitment on their website. Small and medium companies who answer NO to this question should receive an ORANGE sign. If they do not have a website, they do not have to create one for this purpose, but if they have an active website companies should consider including their anti-corruption commitment on their website.

### Question 11c

Annual Report. Annual reports are typically required for companies listed on the stock exchange, as they must be transparent with their shareholders. However, large companies not listed on the stock exchange are not required to produce or publicly share an annual report and this can create a lack of transparency. Large companies who answer NO to this question should be given a RED sign and should be strongly encouraged to publish an annual report. Medium companies who answer NO to this question should be given an ORANGE sign and encouraged to publish an annual report. Small companies who answer NO to this question should receive guidance on why Annual Reports may be important in the future. They should receive a GREEN sign.

### Question 11d

Board Remuneration. If a company publishes an Annual Report. The Report should include information regarding Board Remuneration, this information is important for a transparent organization and should be included accordingly. If a company answers NO to this question, mark this with an ORANGE sign and inform the company that they should include board remuneration in their annual report.

### Question 11e

Domestic Tax Obligations. In their Annual Reports, large companies should also disclose their domestic tax obligations. If a large company answers NO to this question, give a RED sign here and encourage that the company include their domestic tax obligations in their Annual Report.

### Question 11f

Foreign Tax Obligations. In their Annual Reports, large companies should also disclose their foreign tax obligations in the country's where they operate. If a large company answers NO to this question, give a RED sign here and encourage the company include their foreign tax obligations in their Annual Report.

### Question 11g

Sustainability report. Companies who are listed on the stock exchange may also have an obligation to publish a sustainability report. Large companies not listed on a stock exchange will likely not have this obligation. Large listed companies who answer NO to this question should receive a RED sign and Strongly

encouraged to complete a comprehensive sustainability report that includes measures taken for anti-corruption. Large unlisted companies who answer NO to this question should receive a ORANGE sign and encouraged to complete a sustainability report. Small companies who answer NO to this question should receive a GREEN sign but should be informed about sustainability reporting and its importance.

### **Question 11h**

Regular training. Regular training to staff should be conducted on the company's anti-corruption programme. This is essential for the success of a company's anti-corruption programme. Without training, the programme will not be as effective. If a company, regardless of size, answers NO to this question, the company should receive a RED sign and should be advised to implement regular training to staff, C-Suite employees, and the Board of Directors regularly.

### **Question 11i**

Refresher trainings. Refresher trainings on different aspects of the anti-corruption programme should also be regularly conducted. The more familiar staff, C-Suite employees, and the Board of Directors are with the anti-corruption programme, the more likely the programme will succeed as companies will better understand and implement the programme. If a company, regardless of size, answers NO to this question, the company should receive a RED sign and the company should be strongly encouraged to conduct regular refresher trainings.

### **Question 11j**

Collective Action. Businesses with the resources should engage in collective action to promote anti-corruption in the business environment where they operate. This may include collective action with industry associations or with civil society organizations. Companies can participate with integrity pact's for public procurement contracts. Companies, particularly large companies, who answer NO to this question should be encouraged to engage in collective action on anti-corruption. This question will not be scored.

### **Question 11k**

Business relationships and supply chain. Businesses should take steps to ensure that business relationships and their supply chains implement anti-corruption programmes and maintain a strong commitment to anti-corruption. In many locations, this may also be a legal requirement, particularly if the company is a multinational. Companies who answer NO to this question should receive a RED sign and should be strongly encouraged to ensure that business relationships and supply chains implement anti-corruption programmes.