

An Anti-Corruption Ethics and Compliance Programme: UNODC's Practical Guide for Business

Corruption represents a major threat to rule of law and sustainable development the world over. It has a disproportionate, destructive impact on the poor and most vulnerable, and it is also quite simply bad for business.

Corruption stifles economic growth, distorts competition and presents serious legal and reputational risks. It drives away investors by acting as a hidden "tax" or illegal overhead charge, thereby increasing costs for companies, and further down the chain, their customers.

Corrupt practices are detrimental to all businesses—large and small, multinational and local. Corporate scandals have rocked financial markets and undermined investor confidence. Such incidents also receive enormous attention from the public and the media, and hit the reputations of more than just the particular entity or persons involved.

Calls for greater private sector accountability have led many businesses, particularly among the world's largest corporations, to implement programmes to guard against corruption, thus protecting their corporate image as well as the interests of their investors, workers and customers.

The international legal framework for combating corruption: Guidance for companies

The United Nations Convention against Corruption (UNCAC), the world's strongest, most comprehensive and globally accepted legal instrument in the fight against corruption, addresses action with the private sector. The States parties to the Convention have pledged to take measures to prevent corruption involving the private sector, enhance accounting and auditing standards and, where appropriate, provide penalties for failure to comply.

The Convention further recognizes that States alone cannot fight corruption. Companies clearly have a critical role to play as allies for change.

That is why the United Nations Office on Drugs and Crime (UNODC) has developed a practical guide on the various steps companies may take to prevent corruption in their operations by establishing an effective anti-corruption ethics and compliance programme.

While actions will vary from company to company, the Guide focuses on basic common elements businesses should address, with a particular emphasis on the challenges and opportunities for small and medium-sized enterprises.

The Guide is not intended to create new standards or represent any form of legally binding requirement for businesses. It has been developed to serve as a useful, practical tool for companies seeking advice in developing, implementing and continuously improving an anti-corruption ethics and compliance programme.

The Guide is primarily based on the United Nations Convention against Corruption (UNCAC) (2005), but is also inspired by other regional and international initiatives, standards and principles that have been developed over the years to support businesses in their efforts to be good corporate citizens: the Asia-Pacific Economic Cooperation (APEC) Anti-Corruption Code of Conduct for Business (2007); the International Chamber of Commerce (ICC) Rules on Combating Corruption (2011); the Organisation for Economic Co-operation and Development (OECD) Good Practice Guidance on Internal Controls, Ethics and Compliance (2010); the World Economic Forum Partnering Against Corruption Initiative (PACI) Principles for Countering Bribery (2005); Transparency International's (TI) Business Principles for Countering Bribery (2009); and the World Bank Group Integrity Compliance Guidelines (2010).

Risk assessment

Preventing and fighting corruption effectively, and proportionately, requires an understanding of the risks an enterprise may face. The foundation for implementing and maintaining an anti-corruption programme is therefore the assessment of corruption risks. Such an assessment enables the identification and prioritization of risks. Corruption risks differ among companies according to their distinctive characteristics such as size, structure, geographical operations or business model. Corruption risks also depend on companies' internal operations, such as procurement, sales and marketing.



UNODC

United Nations Office on Drugs and Crime

Consequently, there is no “one-size-fits-all” anti-corruption programme. In order to effectively and efficiently decrease corruption risks, anti-corruption programmes need to be adapted to the specific requirements of individual companies.

This risk-based approach should be a major underlying principle for every element of an anti-corruption programme, as outlined in the Guide.

The Guide outlines typical corruption-related risk areas for companies and describes how risks can be identified and mitigated.

Developing and implementing an anti-corruption ethics and compliance programme

It is now generally accepted that businesses have a responsibility to act as good corporate citizens. This tenet is increasingly complemented with evidence and understanding among companies that fighting corruption makes good business sense and that a well-executed anti-corruption ethics and compliance programme yields greater value over time.

The evolving international legal framework and the rapid development of rules of corporate governance around the world are now prompting companies to focus on anti-corruption measures as an essential component of their mechanisms to protect their reputation and the interests of their investors and shareholders. Increased costs due to corrupt payments, unfavourable dependencies between the supply and demand side of a corrupt act (resulting in continuous extortion requests) or missed business opportunities in distorted markets are further examples of the negative consequences of corruption for companies. Most of all, corruption is illegal and companies face serious consequences for violating the law. Such consequences, going beyond legal penalties, have a strong impact on companies, including their reputation.

Companies that understand that countering corruption requires more than complying with domestic laws and avoiding negative consequences are increasingly encouraged to set themselves apart from their peers.

Each chapter or section of UNODC’s Guide outlines practical considerations for developing, implementing and continuously improving an anti-corruption ethics and compliance programme. While the approach to the development of an anti-corruption ethics and compliance programme may vary from company to company, there are some basic common elements which all companies should address. Challenges and opportunities for small and medium-sized enterprises (SMEs) are emphasized throughout this Guide. In addition, practical information is given for companies of all sizes regarding public disclosure of their anti-corruption endeavours to demonstrate commitment to the fundamental values of integrity, transparency and accountability.

Each chapter or section of the Guide concludes with a practical checklist to begin implementation or benchmark existing anti-corruption programmes. These checklists provide an easy way to look at relevant considerations at a glance.

The Guide covers the following key areas:

- Support and commitment from senior management for the prevention of corruption
- Developing an anti-corruption programme
- Oversight of the anti-corruption programme
- Clear, visible and accessible policy prohibiting corruption
- Detailed policies for particular risk areas
- Application of the anti-corruption programme to business partners
- Internal controls and record keeping
- Communication and training
- Promoting and incentivizing ethics and compliance
- Seeking guidance - detecting and reporting violations
- Addressing violations
- Periodic reviews and evaluations of the anti-corruption programme

The Guide is available at the United Nations Office on Drugs and Crime’s corruption homepage at: <http://www.unodc.org/unodc/en/corruption/publications.html>