Anti-bribery and Anti-Corruption Training

***(Inclusive of content within CDL Fraud Policy & Guidelines)**



Table Of Content

Introduction and Key Concepts 01

Laws and regulations 02

Risk areas and red flags 03

04 Your role

05 Test your understanding

Learning objectives

There will be a quiz in the final section of this presentation to gauge your understanding



- Define bribery and corruption
- Identify the main anti-bribery and anti-corruption legislation and agreements at the national and international levels
- Recognise "public officials" and "anything of value" in the context of anti-corruption laws
- Determine which company activities carry a risk of bribery and corruption
- Explain the steps to take to reduce the danger of corruption and bribery
- Get familiar with the company's Code of Business Conduct and Ethics

Introduction and Key Concepts





Corruption is NOT a VICTIMLESS crime

- Bribery and corruption are global issues that undermine public and private sector trust
- Corruption-related investigations are costing billions of dollars in legal, financial, and reputational losses as national authorities actively prosecute and punish bribery and corruption

Reasons our company and others have adapted zero-tolerance policies towards bribery and corruption

Economic and political

Bribery and corruption, in addition to being unlawful and unethical, endanger national security and have major social, economic, and political consequences:

- Unemployment
- Poverty
- Inequality
- Public distrust of government and business

Business impacts

In the business world, bribery and corruption:

- Discourage private investment
- Slow down growth and development
- Misallocate resources

Corruption investigations conducted by the government, authorities, business partners, and customers pose major financial and reputational risks because of:

- Expensive regulatory penalties and litigation
- Additional losses in attempts to reassure customers, business partners and public

Bribery and Corruption Defined







Corruption

- The abuse of delegated authority for personal benefit
- Often associated with public officials seeking money and other valuable gains in exchange for violating their official duties and functions

Bribery and Corruption Defined







Bribery of a Public Official

Bribery is defined as the offer of anything of value to a person (usually a public official, but occasionally a private individual) in exchange for an undeserved gain or advantage

Bribery and Corruption Defined

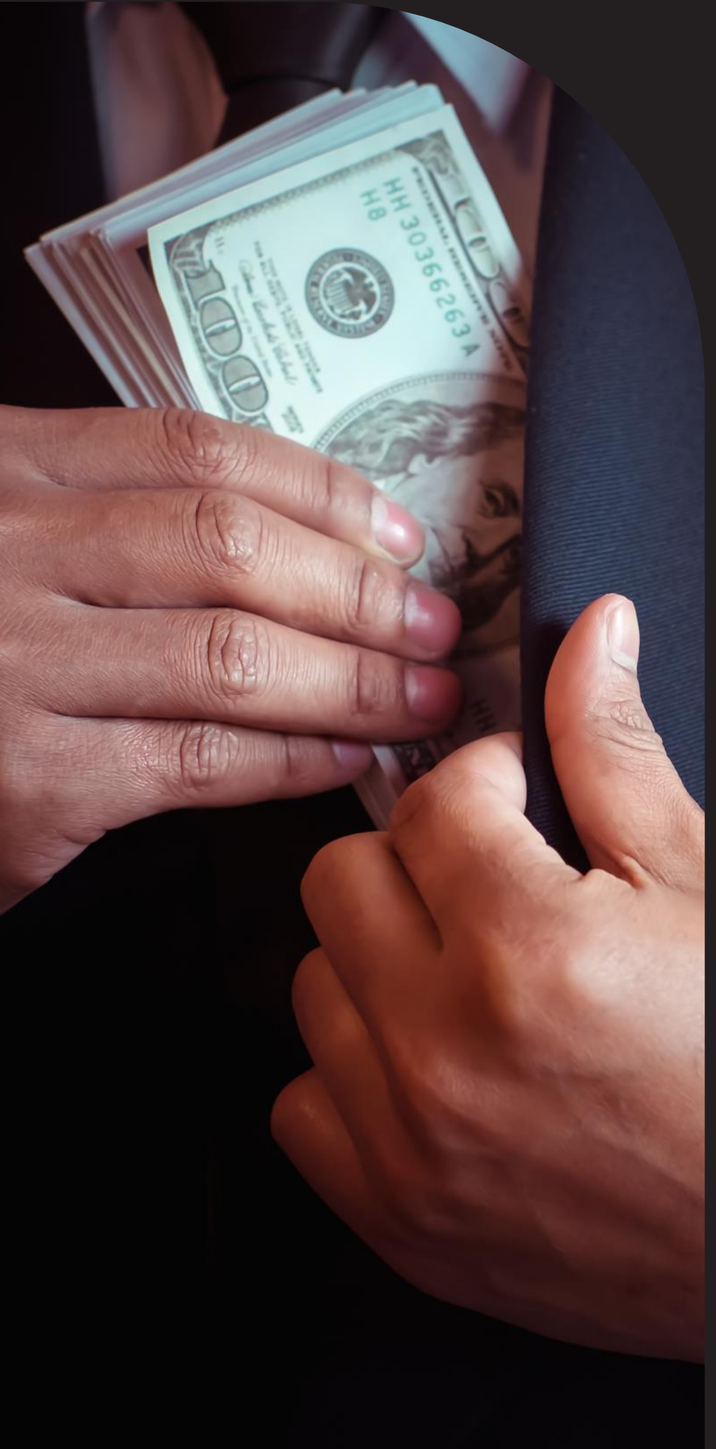






Commercial Bribery

- The offer of anything of value in exchange for an unjustified advantage
- Bribed recipient is another private individual or company
- Goal is usually a contract or other business relationship



Bribery and corruption facts

- Giving, offering, demanding, or accepting a bribe is a criminal offense punishable by large penalties and prison term
- Often involve cash but can involve anything of value to the other party
- You and your company may face criminal charges if a third party proposes or accepts a bribe on your behalf
- Avoidance of bribery and corruption charges is why adherence to your company's gifts and entertainment policies is critical



What is "anything of value"?

- Tangible and intangible benefits
- Besides money, gifts and lavish entertainment for a public official or family member, anything of value can include
  - company stock
  - vacations
  - charitable donations
  - political contributions
  - discounts
  - scholarships/internships
- The key question is whether and how the benefit will be valued by the recipient



Who is a Public Official?

Although the precise definition varies by jurisdiction, the term "public official" encompasses a broader range of duties than one might expect. Aside from an elected member or official of the judiciary, the term may also refer to anyone:

- employed by a government agency
- employed by a government-controlled corporation
- employed by a public international organisation
- employed by a state-owned enterprise, regulator, central bank or company in which the government has controlling ownership stake or where the government appoints senior management
- serving in an official capacity for the government, whether employed by that government or not
- a political party candidate or employee



Books and Records

To avoid the prevalent practice of creating and maintaining "off-cook" accounts to mask unlawful payments, anti-corruption legislation and regulators often incorporate tight record keeping and accounting standards

Such rules require companies to:

- Keep precise books, records, and accounts that accurately reflect the activities they conduct
- Maintain an internal accounting control system that is adequate to provide reasonable assurances about the propriety and legality of all transactions

Failure to maintain accurate books and records may be a criminal offence

Laws and Regulations

Specific anti-bribery and anti-corruption laws differ by jurisdiction, but most laws have a similar structure and contain similar underlying prohibitions



Generally, an anti-bribery statute has 3 elements, making it a crime to

- Give *anything* of value…
- to a *public official*…
- to gain an *unfair business advantage*



International standards

- Individual countries establish their own anti-bribery and anti-corruption laws
- International standards also serve to ensure consistency across jurisdictions for the global business community
- Even if a government does not agree to them, they nonetheless serve as ethical business rules

OECD Anti-Bribery Convention

Signatory countries are required to incorporate specified provisions into their national legislation, including:

- a criminal prohibition on bribing foreign authorities
- an duty to prosecute individuals and companies who bribe foreign authorities
- a prohibition on the tax deductibility of bribes paid to foreign officials

Extraterritorial laws

Companies must also comply with many national laws that have cross-boarder effects, even when doing business in another jurisdiction



United Nations Convention Against Corruption

- Dedicates an entire chapter to prevention, including model preventive policies that focus on the establishment of anti-corruption bodies and enhancing transparency in the financing of poitical parties and election campaigns

- Countries who have signed the UNCAC have also agreed to collaborate in all aspects of the fight against corruption, including prevention, investigation, and prosecution of offenders

ISO 37001

- Outlines anti-corruption "good practices" companies should should implement and adhere to in order to avoid, detect, discourage, and remedy corruption concerns

- ISO 37001 compliance certification process includes the development of:
  - policies and procedures
  - managerial oversight
  - risk assessment
  - training
  - financial controls
  - reporting

Red Flags and Risk Areas

You will learn how to recognize red flags and implement recommended measures to reduce the corruption and bribery risks that these activities may offer





Facilitation payments

- Not performing routine duties unless applicant pays them a small additional fee
- A company or its representative may make a facilitation payment to expedite other normal, non-discretionary action
- Most countries prohibit this and consider it a bribe
- Few countries allow it, and only in extremely specific and well-defined circumstances
- Before making any payment, always verify with your Reporting officer, Head of Department, ERM or Internal Audit



Gifts

- To maintain your company's and colleagues' ethics and reputation, you must exercise caution when accepting gifts
- Some company policies may impose various restrictions, such as specifying acceptable monetary values
- Gifts are potentially problematic if they exceed a nominal value or are offered in exchange for business
- The gift's cost should be made clear and for a valid business purpose (e.g., a little show of gratitude)



Business dinners and entertainment

- Before paying for a business dinner or taking a customer to an entertainment event, make certain that your actions will not be interpreted as corrupt payment

- Before you invite the customer,consider the following:
  - What is the value of the meal?
  - Has the company paid for meals before?
  - Is there a business purpose?



Conducting business through third-parties

- Companies may hire a third party, such as an intermediary, contractor, distributor, or agent, to assist them in obtaining new business or to advise them on local rules and regulations

- Anti-bribery and anti-corruption legislation is very clear that a company is liable if a third-party commits bribery while acting on its behalf

- Due diligence and monitoring are critical in combating bribery and corruption



Conducting business through third-parties

Red flags

The agent:

- builds a reputation for hitting targets and producing results others cannot
- recommended by local public officials
- requests advance payment for expenses
- charges a fee that seems unusually large or disproportionate to the value of the service



Charitable donations

Each year, a large number of businesses donate a significant amount to philanthropy and charity. Such donations must be free of any indication of bribery or corruption:

- Ensure it complies with applicable laws and your company's code of conduct
- Donations to charities that have the purpose of exerting influence or gaining an unfair advantage will be seen as bribes
- If you have any concerns about potential charitable gifts or if you want to take part in charitable events, you should always contact your Compliance Department

Your Role

You and your company are responsible for adhering to all applicable laws, rules, and regulations in all jurisdictions where the company operates

Regardless of your function, you are personally responsible for adhering to the company's policies as well as local, national, and international regulations



Think, Ask, Report







Think

You must never offer or accept a bribe under any circumstances, even under the orders of your manager

Think, Ask, Report







Ask

If you are unsure what to do in a given case, consult your manager (if they are not involved), a member of your company's reporting officer, or another relevant contact (e.g. Head of Department, ERM, Internal Audit)

Think, Ask, Report







Report

- It is critical to speak up (a knowing failure to act may subject you to liability)
- If you know or suspect anyone is giving or accepting a bribe, immediately notify the relevant contacts mentioned earlier
- Use your company's whistleblower hotline to record your report

DOs and DON'Ts







Don't offer or accept bribes

- Don't offer or accept any bribe, including through a third party
- Use only duly appointed agents, and make certain that any payments they get are reasonable for the services they offer
- Pay any fees into a bank account in the agent's name and properly document the payment

DOs and DON'Ts







Resist pressure

- Don't be pressured into offering a bribe to meet ambitious sakes or revenue targets
- If a team member instructs you to propose or accept a bribe, consult your manager or the relevant contacts mentioned earlier

DOs and DON'Ts







Be alert to suspicious activity

- Unnecessary participation of a broker or third-party transaction
- A colleague who insists on doing business with a specific supplier or service provider
- Unexplained increase in colleague's wealth
- Cash payments or deposits into a personal or offshore bank account



Thank You!