

Industry Agenda

Partnering Against Corruption Initiative Global Principles for Countering Corruption

Application

January 2014





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REF 030114

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Foreword

The *PACI Principles for Countering Bribery* were formulated in 2004 by a core group of chief executives from the World Economic Forum's Industry Partnership programme who were concerned about the adverse impacts of corruption on business and society, and the need for a coordinated response. The PACI Principles were then, and remain to this day, anchored by a CEO pledge to zero tolerance for bribery in all its forms.

Ten years later, the Partnering Against Corruption Initiative (PACI) operates as a global platform centred on these Principles and works to enable companies to maximize their collective impact in the fight against corruption. Working in collaboration with key stakeholders from government, international organizations and civil society, PACI strives to ensure a level playing field for businesses by fighting corruption and creating markets based on genuine competitive forces.

The CEO-level commitment to the PACI Principles ensures that PACI members are committed at the highest level of their organizations, while the PACI Task Force – a dedicated group of senior executives who oversee compliance, ethics, strategy and various other corporate functions – creates a safe space for peer engagement to implement the core tenets behind the PACI Principles, improves organizational compliance and raises overall business standards.

The PACI Principles have been revised and updated in 2013, and retitled the *PACI Principles for Countering Corruption*. The revised PACI Principles expand the focus beyond bribery and represents a natural evolution of the objectives of the PACI community. The Principles are intended to be a guiding framework for businesses ready to assume a leading role in combatting corruption in all its forms. The PACI Principles commence with six core aspirational principles that underpin the continuous drive for transparency, integrity and ethical business conduct. They also encompass a set of implementation guidelines which outline key measures companies should embrace to translate their commitments into action.

Recognizing the power of multistakeholder, collaborative action in transforming the global, regional and industry agenda on corruption, the PACI Principles also serve as a call to action for businesses around the world to join collective action initiatives, which increase public trust in business, deliver fair markets and level the playing field by fighting corruption.

A Call to Action against Corruption by Global Business Leaders

Fighting corruption in all its forms not only advances the development and well-being of society, but also makes businesses stronger, more resilient to risk, more ethical and, ultimately, more sustainable. As businesses confront continuous pressure to grow in challenging economic conditions and markets, tackling corruption also shapes the global environment in which we live, interact and do business for the better.

Our united effort begins with a pledge to conduct businesses with zero tolerance towards corruption. By implementing anti-corruption programmes in accordance with the PACI Principles for Countering Corruption, and by helping business partners lift their own ethical standards, we strive to build a genuine community-wide culture of integrity and one in which corruption is not tolerated.

We consider our roles as global business leaders as extending beyond ensuring organizational compliance with the prevailing laws. Leadership responsibility means that we will endeavour to be ambassadors for anti-corruption activities, and bring together those companies that share these high ethical standards with the common purpose of fighting corruption in the private and public spheres.

By bringing individual businesses into an alliance of like-minded organizations, and by creating a collaborative and sustained process for cooperation among all stakeholders, collective action of this type increases the credibility and impact of our individual actions, and levels the playing field among competitors so that our businesses can grow and thrive on the basis of fair competitive forces.

Our vision is of a world free of corruption, where all companies have a fair and equal opportunity to gain new markets and grow their business. PACI is the operational platform through which we – as global business leaders engaged with the World Economic Forum – seek to raise business standards and engage in collective action to eliminate corruption across global markets. We urge our colleagues from around the world to join PACI and take an active part in this important endeavour.

PACI Principles for Countering Corruption

As global business leaders, we have individual and organizational responsibilities to make a strong and active contribution to the fight against corruption. By committing to the *PACI Principles for Countering Corruption*, we join forces to support a global, cross-industry, multistakeholder anti-corruption initiative established to raise business standards and to build a competitive, transparent, accountable and ethical business environment.

We and our organizations pledge to:

- i. Set the “tone at the top” through a visible and active leadership commitment to zero tolerance of corruption in all its forms
- ii. Build an internal culture of integrity that encourages, recognizes and provides positive support for ethical conduct

- iii. Foster transparency throughout our organization and in our interactions with our stakeholders
- iv. Comply with applicable laws and regulations in the jurisdictions where we operate and transact our business
- v. Encourage our business partners to uphold the same ethical standards that we observe
- vi. Engage in PACI and other collective action initiatives to bring a coordinated response to the challenge of corruption, whether in specific geographies or industry sectors

To translate these Principles into concrete and measurable actions, we also commit ourselves and our organizations to the implementation and ongoing development of an effective anti-corruption programme, which incorporates and is based on the Implementation Guidelines detailed in the following pages.

CEO Signature:

Date:

Place:

Full Name:

Position:

Company:

Full Address:

E-mail:

Direct Telephone:

Direct Fax:

Assistant's Name:

Assistant's E-mail:

Implementation Guidelines

The following section outlines the core requirements that businesses should meet, at a minimum, when designing and implementing their anti-corruption programme.

An effective programme comprises the entirety of an enterprise's anti-corruption efforts, specifically including its code of ethics, policies and procedures, risk assessment, internal and external communication, training, guidance, internal controls, monitoring and oversight.

The programme should cover corruption in all its forms. It should be tailored to reflect the enterprise's particular business circumstances, taking into account its size, the nature of the business, potential risks and the location of operations. The business should ensure that it is informed of all matters material to the effective development and implementation of the programme through appropriate monitoring activities, communications with relevant parties and by observing emerging industry practices. The business should also actively engage employees in the implementation of the programme.

The anti-corruption programme should address business transactions that are carried out either directly or through third parties.

An effective programme should incorporate the following:

1. Leadership and responsibilities

The board of directors (or equivalent bodies) and executive management have ultimate responsibility for the programme and should demonstrate strong, explicit, visible and active commitment to its implementation. The business should make clear that compliance with the programme is mandatory and the duty of all individuals at all levels of the business and encourage such performance.

The chief executive officer (or equivalent) should see that the programme is carried out consistently with clear lines of authority and adequate resources. Authority for oversight and implementation of the programme should be assigned to one or more senior officers with an adequate level of autonomy, sufficient resources and unfettered access to the chief executive officer and board of directors (or equivalent bodies).

2. Risk assessment and continuous improvement

The business should design and improve its programme based on periodic risk assessment, through which it identifies the most prevalent forms of corruption to which it is exposed. Such risk assessment should be reviewed

and updated periodically. Executive management should monitor the programme and continuously review its suitability, adequacy and effectiveness, and should implement improvements as appropriate.

Where risk assessments indicate institutional or systemic weaknesses related to corruption in a business sector or market, the enterprise should consider addressing such risk through collective action.

3. Policies, procedures and internal controls

The business should establish anti-corruption policies, procedures and a system of internal controls that reflect its risk assessment and risk profile.

Policies and procedures should emphasize zero tolerance for corruption, and outline expectations of behaviour as they relate to: bribery (direct and indirect); facilitation payments; gifts, travel, entertainment and hospitality; and charitable and political contributions and sponsorships. Businesses should work towards the comprehensive elimination of facilitation payments, in recognition that these are prohibited by domestic laws and many international legal regimes. Businesses should advocate, through collective action or other means, for the enforcement of such applicable laws in those jurisdictions where enforcement is weak or non-existent. Procurement policy should ensure that suppliers and contractors are selected through fair, honest and transparent processes.

Effective financial and internal controls should also be established to ensure the documentation and maintenance of fair and accurate books and records. The business should conduct periodic reviews, monitoring and testing of its policies, procedures and internal controls to assess compliance and allow for continuous improvement.

4. Training and communication

The programme should be communicated to all employees of the business and, as appropriate, to third parties. Directors, management, relevant employees and relevant third parties should be provided specific training that is tailored to their needs and circumstances. The business should publicly disclose its commitment to anti-corruption and be open to receiving communications from stakeholders.

5. Reporting of complaints

The programme should provide secure and accessible channels through which employees and others can obtain advice, raise concerns and report suspicious circumstances in confidence, and without reprisal.

The business should make clear that compliance with the programme is mandatory and that no employee will suffer demotion, penalty or other adverse consequences for refusing to pay bribes, even if this may result in the loss of business.

The business should respond quickly and appropriately to instances of verified unethical and corrupt behaviour. It applies appropriate sanctions for violations of the programme, up to and including termination in appropriate circumstances.

6. Business relationships

The business should implement an anti-corruption programme in all business entities over which it has effective control. Where the enterprise does not have effective control, it should encourage all business entities with which it has a significant business relationship, or over which it has significant influence, to adopt an anti-corruption programme.

Using a risk-based approach, the business should conduct reasonable and proportionate due diligence before entering into a business relationship with a third party, and should update such due diligence at reasonable intervals. The business should implement risk mitigation measures to address potential corruption risks that may have been identified in the course of the due diligence process. Such risk mitigation measures could – on the basis of a risk-based approach – include anti-corruption representations and warranties in contracts and reasonable audit rights, with respect to the third party's records. Monitoring and review of third-party relationships should also be conducted on a risk-based approach and at reasonable intervals.

An in-depth guide to the *PACI Principles for Countering Corruption* is available in conjunction with this document and to be used by members at their discretion in the implementation of these principles.

PACI Membership Application

PACI membership is generally restricted to Members of the World Economic Forum. Both the membership application and the PACI Principles for Countering Corruption must be signed by the chief executive officer or equivalent company officer.

_____ applies to be a Member of World Economic Forum's Partnering Against Corruption Initiative (PACI).
Full name of company

In support of the application, we submit the signed PACI Principles for Countering Corruption and the information below:

1. Company Information

Company: _____

Company Type:	Public	Private	State-Owned
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Is the company a subsidiary?	Yes	No
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_____ If yes, parent name: _____

Group Revenue:	Group Employees:
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Sector: _____

Full Address: _____

Website: _____

Main Telephone:	Main Fax:
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2. Disclosure of Relevant Information

Companies wishing to join PACI must disclose on company letterhead and as a separate attachment to this application:

- Any convictions or agreements with regulators or government agencies in relation to bribery or corruption by the applicant, its employees or third parties associated with the applicant in the last 10 years
- Any current or pending investigations by regulators or government agencies in relation to bribery or corruption by the applicant, its employees or third parties associated with the applicant
- Any material allegations of bribery or corruption which the applicant is currently investigating
- Any fraudulent or criminal convictions or investigations during the last 10 years which was/is of such significance that it may impact the reputation of the World Economic Forum, PACI or other PACI members through association with the applicant

Companies should also indicate any remediation being taken to address these issues. All submissions are strictly confidential.

3. Executive Management

Please provide a list and curricula vitae of all company board members and executive management.

4. PACI Commitment and Implementation Survey

Applicants are required to complete the Implementation Survey (Annex I). The survey assesses the level of adherence of your compliance programme to the PACI Principles and is based on Transparency International's Anti-Bribery Checklist.

5. PACI Code of Conduct

By applying to become members of PACI, companies agree to adhere to the attached PACI Member Code of Conduct (Annex II) as it applies to confidentiality, communications and the use of logos and other promotional material from the date of membership accession.

6. Designated Contact for PACI

PACI members are requested to designate a senior company representative to serve as the key liaison for PACI activities (e.g. chief of compliance, chief counsel, head of corporate strategy, etc.). The designated representative will receive all initiative-related information and be invited to the PACI community meetings.

Title:

First Name:

Last Name:

Position:

Company:

Full Address:

E-mail:

Direct Telephone:

Direct Fax:

Assistant Name:

Assistant E-mail:

CEO Signature: _____ Name and Title

Date:

Should you have any questions, please contact paci@weforum.org.

Please return the completed application to:

The Partnering Against Corruption Initiative (PACI), World Economic Forum, 91-93, route de la Capite, CH -1223 Genève
Fax: + 41 (0)22 786 2744

Annex I: Implementation Survey

anti-bribery checklist: aligned to the Business Principles for Countering Bribery How do you feel your company stands on countering bribery?

Policy	Yes	No	Partly	Planned
1 Is there a formal up-to-date published policy of zero tolerance of bribery?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Is there a public commitment to be consistent with all relevant anti-bribery laws in all the jurisdictions in which your company operates?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Have you made a commitment to implement an anti-bribery Programme?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Implementation	Yes	No	Partly	Planned	N/A
4 Do you carry out regular risk assessment to determine the risks of bribery and tailor the Programme to mitigate these risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Does your Programme have detailed policies, procedures and controls for:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
political contributions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
charitable donations and sponsorships?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
facilitation payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
gifts, hospitality and travel expenses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Does your leadership ² show active commitment to the Programme and act as an example for transparency and integrity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Does your leadership assign unambiguous responsibility and authority to managers for carrying out the Programme?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Is the Programme implemented in all business entities over which your company has effective control?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Do you encourage an equivalent Programme in business entities in which your company has a significant investment or with which it has significant business relationships?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Is the Programme communicated to:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
all employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
business partners?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
other stakeholders?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Do your human resources practices ³ reflect your company's commitment to the Programme?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Is tailored training provided to:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
all Directors, managers, employees and agents?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
key high risk third parties including other intermediaries, contractors and suppliers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Does your company provide secure and accessible channels through which employees and others can obtain advice or raise concerns ("whistleblowing") without risk of reprisal?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Are there internal controls to counter bribery comprising financial and organisational checks over accounting and record keeping practices and related business processes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Monitoring and Review	Yes	No	Partly	Planned
15 Are the internal control systems, in particular the accounting and record keeping practices, subjected to regular review and audit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 Do you have procedures in place to deal with any incidents of bribery?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 Do your senior management periodically review the Programme's suitability and effectiveness and implement improvements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 Does the Audit Committee, Board or equivalent body make a regular independent assessment of the adequacy of the Programme?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 Does your company publicly disclose information about its programme and its implementation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20 Do you carry out external assurance of the Programme and is the opinion statement published publicly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Business Principles for Countering Bribery can be found at www.transparency.org. For further information please contact: businessprinciples@transparency.org

¹ The whole of an enterprise's anti-bribery efforts including values, code of conduct, detailed policies and procedures, risk management, internal and external communication, training and guidance, internal controls, oversight, monitoring and assurance

² Owner, Board or equivalent body, chair and/or chief executive

³ Including those for recruitment, training, performance evaluation, remuneration, recognition and promotion

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Annex II: PACI Member Code of Conduct

1. Confidentiality

The Forum's independence and integrity are of utmost importance to the preservation of its unique status and close relationship with Forum Members and Partners.

Member companies agree to safeguard these principles and to refrain from any activity that would conflict with these central principles.

Member companies expressly agree that any information about participants or preparations for Forum activities provided in the context of the membership is strictly confidential and for the sole purpose of planning for meetings. Proprietary information may not be transmitted in any form to outside parties.

2. Non-exclusivity

Membership does not grant or imply the Forum's endorsement or sponsorship of a Member's goods or services or otherwise express any preferences for, or promotion of, the Member's goods or services in the marketplace.

3. Communications Guidelines

Member companies cannot cooperate with third-party public relations firms in matters related to the membership relationship, including press matters.

Due to the independent and non-commercial nature of the Forum, Members agree to coordinate with the Forum prior to any public relations or publicity initiatives linked to their membership.

Member companies must obtain the express approval of the Forum before engaging in sending out any pre-meeting press releases or communications containing information related to the meeting or project in question and in using the Forum's name or reference to its activities in print, on the internet or in any other form of media, or for external marketing or advertising purposes.

To avoid any appearance of commercialization of the Forum activities, Member companies commit to the greatest restraint in conducting any promotional activity outside the regional meeting or Annual Meeting venue.

As requested by participants, Member companies are discouraged from systematically distributing material to hotel rooms.

4. Use of Logos and Other Promotional Material

Member companies must refrain from any promotional activity which goes against the non-commercial spirit and atmosphere of Forum activities.

Use of the Forum's logo by Member companies on any type of document or in their promotional, marketing, advertising and/or public relations activities, whether printed or in electronic format, is not permitted. The Forum must not endorse another organization or its products.

The Forum does not accept the presence of any logo or banner from Member companies in the context of its activities (such as sessions, media meetings and hosted meetings) except in special cases of partnership at the Forum's sole discretion.



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World Economic Forum
91–93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744

contact@weforum.org
www.weforum.org