



# AN ANTI- CORRUPTION ETHICS AND COMPLIANCE PROGRAMME FOR BUSINESS:

A PRACTICAL GUIDE



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## » FOREWORD

Businesses are among the most influential forces shaping the global economy. Corporate decisions affect markets, drive innovation and generate employment. With this influence comes responsibility. When the *Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide* was first published in 2013, it provided a common reference point for companies seeking to prevent corruption and promote ethical conduct. Since then, the business environment has evolved markedly. Rapid technological change, shifting regulatory expectations and heightened public scrutiny make the need for renewed guidance on business integrity urgent.

Corruption continues to undermine fair markets and the confidence needed to sustain economic growth. For companies, the consequences include legal and financial liabilities, reputational damage, lost opportunities and diminished employee morale. It deters investment by acting as a hidden “tax” or illegal overhead charge, increasing costs for companies and, ultimately, for their customers. Corrupt practices harm all businesses — large and small, multinational and local. Corporate scandals have rocked financial markets and weakened investor confidence. These impacts demonstrate that integrity in the private sector is not only a compliance requirement; it is a fundamental driver of stable, competitive and resilient markets.

Over recent decades, anti-corruption laws and corporate accountability have advanced significantly. Sustainability reporting frameworks have expanded across jurisdictions. Digitalization and artificial intelligence (AI) have transformed how companies monitor risks, manage data and detect irregularities. Geopolitical instability, sanctions, export controls and supply chain disruptions have added complexity to compliance. At the same time, societal expectations have grown, with stakeholders increasingly viewing companies not only as economic actors but as stewards of ethical conduct throughout their operations and value chains.

In this context, governments rely on the private sector to uphold ethical practices, maintain transparent business environments and help prevent corruption in markets where public oversight alone may be insufficient. In turn, businesses depend on governments to establish clear rules, ensure fair enforcement and provide enabling regulatory and institutional conditions. This interdependence underscores the importance of a common global framework for cooperation. Against this backdrop, the United Nations Convention against Corruption (UNCAC), as the only legally binding universal anti-corruption instrument, remains indispensable.

This updated *Guide* responds to these realities. It incorporates the principles of Transformational governance, an approach developed by the United Nations Global Compact in collaboration with leading companies, to encourage businesses to act not only in accordance with the law, but in accordance with what is right. Transformational governance moves beyond risk mitigation and positions integrity as a driver of long-term value creation, trust and resilience. It emphasizes that effective anti-corruption ethics and compliance programmes should be rooted in corporate culture, leadership commitment and accountability, while remaining adaptable to evolving risks and opportunities.

Applying a transformational governance lens, this revised edition also reflects the growing realization of the interconnection between anti-corruption efforts and broader sustainability agendas. Integrity is no longer viewed as a standalone concern. It is closely linked to environmental stewardship, respect for human rights, diversity and inclusion, responsible use of technology and transparent governance.

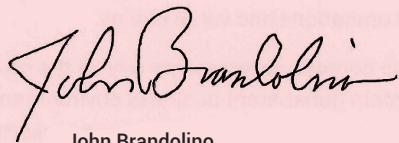
Importantly, this *Guide* is the result of a collaborative process. Developed through the UN Global Compact's Think Lab for Business Integrity, in partnership with the United Nations Office on Drugs and Crime, and informed by the experience of companies across all regions and sectors, it reflects both continuity and innovation. It maintains the practical orientation and accessibility of the original *Guide* while embedding it in a modern governance and sustainability context. Company participants in the Think Lab contributed to the co-creation of this *Guide* through in-depth consultations held throughout 2024 and 2025.

This *Guide* is intended as both a practical tool for companies to translate integrity into action and a catalyst for a renewed vision of business integrity – ensuring that ethical conduct becomes not an aspiration, but a standard for doing business everywhere.

The United Nations encourages business leaders to draw on the insights of this revised *Guide*, to act as key partners in advancing integrity, help shape fair and transparent markets, and take sustained action against corruption.



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### **Business participants included:**

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The publication was developed with support from UN Global Compact participant company CMPC, the Siemens Integrity Initiative and portfolio sponsor RELX.

## » INTRODUCTION

The United Nations (UN) Global Compact Principle Ten,<sup>1</sup> adopted in 2004, urges companies to actively combat corruption through internal policies and practices. The underlying legal instrument for Principle Ten is the United Nations Convention against Corruption (UNCAC), the only legally binding universal anti-corruption instrument. Adopted in 2003, it provides state-of-the-art measures for the public and private sectors to foster accountability, integrity and transparency. In this treaty, Governments recognize the vital role of the private sector in preventing and countering corruption. In particular, article 12 of UNCAC focuses on ways to enhance integrity in the private sector, while article 26 requires each State Party to establish the liability of legal persons for acts of corruption.

In addition, in 2010 and 2011, the Group of Twenty (G20) promoted stronger partnerships between businesses and governments against corruption through various initiatives, leading to the creation of practical guides and handbooks. To practically implement the 2010 G20 Anti-Corruption Action Plan<sup>2</sup> calling for closer public-private partnerships against corruption, the United Nations Office on Drugs and Crime (UNODC), the Organisation for Economic Co-operation and Development (OECD) and the World Bank developed the 2013 *Anti-Corruption Ethics and Compliance Handbook for Business*,<sup>3</sup> which compiles good practices and guidelines to help companies prevent and address corruption. In 2013, UNODC complemented the handbook with *An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide*,<sup>4</sup> which provides further practical considerations and guidance. Since their release, these flagship resources have been offered in multiple languages and served as the basis for the development of relevant legal frameworks globally.

In recent years, expectations from consumers, governments, investors and personnel have continued to rise. Alongside the broad adoption of corporate sustainability directives, companies are now expected to demonstrate greater accountability, ethics, transparency and inclusivity while also addressing their environmental and societal impacts and supporting the public institutions, laws and systems in jurisdictions where they operate. Recognizing these priorities, the UN Global Compact launched its Call-to-Action from Business to Governments, signed by over 500 companies from 91 countries, which was brought to the attention of the tenth session<sup>5</sup> of the Conference of the States Parties to UNCAC (COSP10) in December 2023 in Atlanta, USA.<sup>6</sup> The Call-to-Action focused on governance and anti-corruption to promote a new social contract based on the principles of integrity, transparency and accountability, in alignment with Sustainable Development Goal (SDG) 16 of the 2030 Agenda.

In response, COSP adopted resolution 10/12 on “Providing incentives for the private sector to adopt integrity measures to prevent and combat corruption,”<sup>7</sup> committing States Parties to action. The great response to the Call-to-Action and the adoption of the resolution highlight the significance of business integrity within the corporate and regulatory landscape. It was further emphasized by the G20 Anti-

1 <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-10>

2 [https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Action-Plans-and-Implementation-Plans/2010\\_G20\\_ACWG\\_Action\\_Plan\\_2011-2012.pdf](https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Action-Plans-and-Implementation-Plans/2010_G20_ACWG_Action_Plan_2011-2012.pdf)

3 <https://www.unodc.org/documents/corruption/Publications/2013/Anti-CorruptionEthicsComplianceHandbook.pdf>

4 [businessintegrity.unodc.org/bip/uploads/documents/resources/An\\_Anti-Corruption\\_Ethics\\_and\\_Compliance\\_Programme\\_for\\_Business\\_-\\_A\\_Practical\\_Guide.pdf](https://businessintegrity.unodc.org/bip/uploads/documents/resources/An_Anti-Corruption_Ethics_and_Compliance_Programme_for_Business_-_A_Practical_Guide.pdf)

5 <https://www.unodc.org/documents/treaties/UNCAC/COSP/session10/CAC-COSP-2023-CRP18.pdf>

6 <https://www.unglobalcompact.org/take-action/action/anti-corruption-call-to-action>

7 <https://www.unodc.org/corruption/en/cosp/conference/session10-resolutions.html#Res.10-12>

Corruption Working Group adopting the G20 High-Level Principles on Incentives for the Private Sector to Adopt Comprehensive and Consistent Integrity Measures to Prevent and Combat Corruption<sup>8</sup> in 2024.

These milestones, together with the 20th anniversary of Principle Ten, have generated a propitious momentum to re-examine the notions of business integrity, anti-corruption ethics and compliance in today's context. To that end, and in partnership with UNODC, the UN Global Compact launched the Think Lab for Business Integrity in May 2024, bringing together 26 companies from across the world<sup>9</sup> to collaborate on the development of this revised version of *An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide*.

While the standards set forth by the initial *Guide* remain relevant, the business environment has shifted, creating new priorities and complexities for companies. Coming to the forefront are matters related to corporate sustainability regulations and reporting; gender and inclusion; talent recruitment and retention; stakeholder capitalism and corporate purpose; emerging risks resulting from geopolitical issues and converging crises such as increased sanctions and export controls; and increased risks relating to global supply chains, to name a few. In addition, the exponential development of artificial intelligence is having an increasing impact on the realities of doing business. For anti-corruption ethics and compliance programmes, this creates challenges but also opportunities.

To help businesses navigate the challenges relating to increasing expectations by various stakeholders, the principles-based 'transformational governance'<sup>10</sup> approach was created by the UN Global Compact and its participating companies in 2021. Transformational governance calls on companies to drive responsible business conduct by not only doing what is legal, but what is right. With a transformational governance lens, this *Guide* reflects how anti-corruption ethics and compliance programmes can be part of a holistic corporate governance and corporate sustainability strategy.

8 [https://track.unodc.org/uploads/documents/corruption/G20-Anti-Corruption-Resources/Principles/2024\\_G20\\_Brazil\\_High-Level\\_Principles\\_on\\_Incentives\\_for\\_the\\_Private\\_Sector\\_to\\_Adopt\\_Integrity\\_Measures\\_to\\_Prevent\\_and\\_Combat\\_Corruption.pdf](https://track.unodc.org/uploads/documents/corruption/G20-Anti-Corruption-Resources/Principles/2024_G20_Brazil_High-Level_Principles_on_Incentives_for_the_Private_Sector_to_Adopt_Integrity_Measures_to_Prevent_and_Combat_Corruption.pdf)

9 Companies were nominated by their Global Compact Country Networks, ensuring global representation from leading companies in this thematic area.

10 United Nations Global Compact, "SDG16 Business Framework", <https://sdg16.unglobalcompact.org/>. For information on Country Consultations: <https://communications-assets.unglobalcompact.org/docs/publications/Country%20Consultation%20Global%20Synthesis%20Report.pdf>. For the CEO Statement: [https://communications-assets.unglobalcompact.org/docs/publications/UN75\\_UnitingBusinessStatement.pdf](https://communications-assets.unglobalcompact.org/docs/publications/UN75_UnitingBusinessStatement.pdf). For more on transformational governance: <https://unglobalcompact.org/what-is-gc/our-work/governance/transformational-governance>. TG Corporate Toolkit: <https://unglobalcompact.org/what-is-gc/our-work/governance/transformational-governance/transformational-governance-corporate-toolkit>.

**This updated *Guide* is structured as follows:**

#### **CHAPTER I**

Introduces the transformational governance concept and explains how it helps companies succeed in the face of today's challenges.

#### **CHAPTER II**

Shifts from a theoretical discussion of transformational governance to outlining three practical principles that should guide the development and maintenance of anti-corruption ethics and compliance programmes with a transformational governance lens.

#### **CHAPTER III**

Provides practical guidance on each element of an anti-corruption ethics and compliance programme, highlighting transformational governance principles where relevant. Each chapter also includes a discussion of practical challenges and good practice advice on how to overcome these challenges.

#### **CHAPTER IV**

Stresses the importance of transparency and external communication, e.g. by taking a proactive approach to public reporting.

#### **CHAPTER V**

Discusses the importance and opportunities provided by collective action approaches as an important component of transformational governance.

#### **CHAPTER VI**

Addresses the opportunities and risks created by artificial intelligence for anti-corruption ethics and compliance programmes.



I.

**TODAY'S BUSINESS  
ENVIRONMENT AND  
TRANSFORMATIONAL  
GOVERNANCE**

Since the first version of *An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide* was published in 2013, there have been considerable changes in the global environment that businesses operate in. As Sanda Ojiambo, UN Assistant Secretary-General, summarizes in the 2022 Annual Report of the UN Global Compact: “We have faced a confluence of challenges unlike any other in our lifetimes.”<sup>11</sup> In the past decade, the global business environment has undergone significant changes due to rising environmental challenges, rapid advances in artificial intelligence, the COVID-19 pandemic, geopolitical conflicts and increasing legal uncertainty. In parallel, societal trust in multinational companies and governments has reportedly decreased.<sup>12</sup> These developments have increased the complexity and expectations facing companies worldwide.

These global business changes and challenges require companies to adapt in various ways. Global issues impact not only large multinationals but also small and medium-sized enterprises (SMEs) which can be affected by global challenges through supply chains or financial market dependencies. As markets become increasingly interconnected, companies must stay agile to respond to shifts in consumer preferences, regulatory environments and technological advancements. For example, a disruption in a major international supplier's operations can cascade through the entire supply chain, affecting businesses of all sizes worldwide. Similarly, changes in trade policies or tariffs may force organizations to rethink their sourcing strategies or explore new markets.

Furthermore, there is growing pressure on companies to address challenges such as climate change, ethical sourcing and social responsibility. When dealing with geopolitical tensions and inconsistent regulatory enforcement, companies are expected to take initiative and show leadership by upholding multilateral standards. Multinational corporations are often at the forefront of these efforts, but SMEs are also expected to adopt sustainable practices and contribute positively to their communities. In this context, companies that embrace innovation, invest in personnel development and build resilient operations are better positioned to thrive amid the uncertainties of the global economy.<sup>13</sup>

## » Transformational governance supporting the way forward

Companies that do not recognize their responsibility in addressing global challenges are unlikely to succeed in the long term.<sup>14</sup> The more severe and complex global challenges become, the more companies will be pressured to acknowledge that their accountability extends beyond their shareholders.<sup>15</sup> As such, companies must reflect the expectations of all stakeholders and society at large, an understanding

11 United Nations Global Compact, “Annual Report 2022”, 2022. [https://ungc-communications-assets.s3.amazonaws.com/docs/publications/UN%20GLOBAL%20COMPACT\\_2022%20ANNUAL%20REPORT.pdf](https://ungc-communications-assets.s3.amazonaws.com/docs/publications/UN%20GLOBAL%20COMPACT_2022%20ANNUAL%20REPORT.pdf)

12 Edelman Trust Institute, “2025 Edelman Trust Barometer: Global Report, Trust and the Crises of Grievance”, 2025. [https://www.edelman.com/sites/g/files/aatuss191/files/2025-01/2025%20Edelman%20Trust%20Barometer%20Global%20Report\\_01.23.25.pdf](https://www.edelman.com/sites/g/files/aatuss191/files/2025-01/2025%20Edelman%20Trust%20Barometer%20Global%20Report_01.23.25.pdf)

13 World Economic Forum, “Strengthen good governance and corporate resilience”, 2025. <https://www.weforum.org/stories/2025/10/strengthen-good-governance-and-corporate-resilience/>. United Nations Global Compact, “Library Resource”, <https://unglobalcompact.org/library/6295>. World Economic Forum, “Future of Jobs Report 2025”, [https://reports.weforum.org/docs/WEF\\_Future\\_of\\_Jobs\\_Report\\_2025.pdf](https://reports.weforum.org/docs/WEF_Future_of_Jobs_Report_2025.pdf)

14 M. E. Porter, M. R. Kramer, “Creating shared value”, *Harvard Business Review*, 89(1/2), 62–77, 2011. <https://hbr.org/2011/01/the-big-idea-creating-shared-value>. World Economic Forum, “The Global Risks Report 2023”, 2023. <https://www.weforum.org/reports/global-risks-report-2023>. L. Fink, “A sense of purpose”, BlackRock, 2018. <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

15 Chatham House, “Role of the private sector in protecting civic space”, 2021. <https://www.chathamhouse.org/2021/02/role-private-sector-protecting-civic-space/01-corporate-action-support-civic-space-age>

that is reflected in the notion of “stakeholder capitalism.”<sup>16</sup> Transformational governance provides companies with the principles and tools to meet these expectations and to navigate the complexities of an ever-changing business environment.

### » The meaning of transformational governance

Transformational governance is a corporate governance approach<sup>17</sup> co-created by the UN Global Compact and an international group of leading companies to answer rising stakeholder and shareholder expectations. It extends a company's responsibility, sustainability and risk management beyond what is typically included under traditional corporate governance frameworks. It further helps companies to translate their new role into business action. It calls on businesses to be more accountable, ethical, inclusive and transparent, advancing sustainable development for all in collaboration with governments and other stakeholders.

Additionally, under transformational governance, the management of corporate governance and sustainability topics is not confined to internal measures and programmes but also involves collaborations with governments and other stakeholders to strengthen institutions, laws and systems in line with SDG 16 and SDG 17. Consequently, transformational governance positions a company's initiatives related to corporate sustainability and anti-corruption as outward-facing commitments.

### » The business case for transformational governance

Transformational governance suggests that companies maintain high ethical standards with respect to all corporate governance and sustainability issues, and that they seek to have a proactive and positive impact on society. Companies that drive integrity will see various positive effects such as enhanced corporate value and brand equity, resilient supply chains and facilitated market access.<sup>18</sup> Here are four examples for positive effects that have been supported by empirical studies:

- **Talent retention:** To attract future talent, companies need to acknowledge that in new generations, the purpose of work is prioritized over money.<sup>19</sup> This implies that personnel want to see a connection between what they are doing and the broader social impact.
- **Trust by consumers:** A desk study shows that consumers are more likely to trust, support and remain loyal to companies that demonstrate a commitment to corporate social responsibility.<sup>20</sup>

<sup>16</sup> K. Schwab, P. Vanham, “Stakeholder Capitalism: A Global Economy that Works for Progress, People and Planet”, 2021.

<sup>17</sup> United Nations Global Compact, “Introduction to SDG16”, <https://sdg16.unglobalcompact.org/introduction>

<sup>18</sup> International Chamber of Commerce, United Nations Global Compact, Transparency International. Business Case for Integrity, 2025. <https://iccwbo.org/wp-content/uploads/sites/3/2025/12/2025-ICC-The-business-case-for-integrity-EN.pdf>

<sup>19</sup> Grayce, “Purpose over Pay: The key to unlocking Gen Z's potential goes beyond their pay packet”, <https://www.grayce.co.uk/news/purpose-over-pay/>

<sup>20</sup> J. Wekesa, “Impact of CSR (Corporate Social Responsibility) on Consumer Behavior”, International Journal of Marketing Strategies, Vol. 6, Issue 2, 35–45, 2024.

- **Gender equality:** Numerous studies show that gender equality has a positive effect on a company's financial performance, personnel and customer satisfaction and its overall competitiveness.<sup>21</sup>
- **Financial performance:** Various studies show how financial success and social responsibility are correlated.<sup>22</sup>

As stated in a report by the World Economic Forum, one of the key corporate governance challenges in 2025 is the weakening rule of law.<sup>23</sup> In countries with high levels of corruption and lower levels of regulations and enforcement, the lack of trust by investors and business partners is oftentimes a considerable challenge. To tackle this challenge, businesses need to build resilience by strengthening their social licence. Transformational governance helps companies create and maintain trust with their stakeholders. This is especially the case for SMEs in such countries as they face a disadvantage in building investor and business partner trust compared to large multinational companies from highly regulated environments. Transformational governance supports SMEs in decreasing this disadvantage by proactive commitment to corporate governance and sustainability standards that go beyond the legal requirement of the jurisdiction in which they operate.

#### » Advancing anti-corruption with transformational governance

Looking at anti-corruption efforts through a transformational governance lens helps place anti-corruption ethics and compliance programmes in the context of stakeholder expectations in today's business environment. The following chapter articulates the transformational governance approach through three guiding principles that should underpin the development and maintenance of anti-corruption ethics and compliance programmes.

21 M. Ferrary, S. Déo, "Gender diversity and firm performance: when diversity at middle management and staff levels matter", *International Journal of Human Resource Management*, 34(14), 2797–2831, 2022. <https://doi.org/10.1080/09585192.2022.2093121>. International Labour Organization, "A Global Survey of Enterprises", 2019. [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms\\_702196.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_702196.pdf). L. N. Simionescu, Ș. C. Gherghina, H. Tawil et al., "Does board gender diversity affect firm performance? Empirical evidence from Standard & Poor's 500 Information Technology Sector", *Financ Innov*, 7, 52, 2021. <https://doi.org/10.1186/s40854-021-00265-x>

22 S. Barman, J. Mahakud, "Corporate social responsibility and financial performance: Do group affiliation and mandatory corporate social responsibility norms matter?", 2024. <https://www.sciencedirect.com/science/article/pii/S0970389624000569>. McKinsey & Company, "The triple play: Growth, profit, and sustainability", 2023. <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/the-triple-play-growth-profit-and-sustainability>. World Economic Magazine, "The Financial Impact of Corporate Social Responsibility Initiatives", 2024. <https://worldcomag.com/the-financial-impact-of-corporate-social-responsibility-initiatives/>

23 World Economic Forum, "3 opportunities to strengthen good governance and corporate resilience", 2025. <https://www.weforum.org/stories/2025/10/strengthen-good-governance-and-corporate-resilience/>



## II.

# APPLYING TRANSFORMATIONAL GOVERNANCE TO ANTI-CORRUPTION ETHICS AND COMPLIANCE PROGRAMMES

*This chapter translates transformational governance into three principles for building and maintaining an anti-corruption ethics and compliance programme in businesses. By applying three principles – “Integrated Approach,” “Stakeholder Involvement” and “External Engagement” – companies will reinforce their anti-corruption ethics and compliance efforts and increase the programmes’ effectiveness, sustainability and efficiency.*

In transformational governance, an anti-corruption ethics and compliance programme is a fundamental and forward-thinking part of improved corporate governance that also supports wider sustainability objectives. The practical integration of the three transformational governance principles into a company’s anti-corruption ethics and compliance programme will increase the company’s impact on society, governance systems and the environment, and enable companies to generate a positive external impact.

### » Principle 1: Integrated Approach

Transformational governance applies a holistic and inclusive view to all corporate governance topics. Under transformational governance, anti-corruption ethics and compliance becomes part of a wider systems approach to risks, addressing not only legal and regulatory requirements but also reputational, social and geopolitical risks. This implies that anti-corruption ethics and compliance programmes must be viewed as an integral part of the company’s overall sustainability efforts. The integrated approach helps address the interdependence of corruption and other corporate governance topics, including the requirements to combat financial crime activities such as money laundering or financial fraud. Furthermore, a holistic view on anti-corruption also helps recognize the connection between corruption and sustainability topics such as gender equality and environmental protection. For example, corruption risks can widen gender inequalities and negatively impact women’s empowerment.<sup>24</sup> Taking a broader view on anti-corruption enables companies to recognize this relationship and design the anti-corruption ethics and compliance programme in a gender-sensitive manner.

Leveraging synergies between anti-corruption and other corporate governance and sustainability efforts also helps maximize efficiency and reduce the costs of these efforts. This is crucial for the communication with and support from senior management and the board, as the engagement in anti-corruption and environmental protection both may create a tension with the company’s primary interest of maximizing profits.<sup>25</sup>

To realize an integrated approach in practice, anti-corruption ethics and compliance practitioners should:

- 1. Integrate anti-corruption efforts in company goals.** The anti-corruption ethics and compliance programme must be aligned with the corporate goals and strategy but also with other corporate sustainability goals. Working out a joint strategy and a joint set of goals demands extensive collaboration with other organizational functions but also strong support by senior management.
- 2. Integrate the anti-corruption function into the company.** The anti-corruption ethics and compliance function and other organizational functions responsible for corporate governance and sustainability topics must be aligned and well-connected. Some companies have already

24 United Nations Office on Drugs and Crime, “The time is now - addressing the gender dimensions of corruption”, 2020.

25 S. Mullard, “Greenwashing: A form of corruption?”, 2023. <https://www.u4.no/blog/greenwashing-a-form-of-corruption>

recognized the advantage of such integration by combining all corporate governance and sustainability functions into one organizational unit.<sup>26</sup>

## BREAKOUT BOX 1

### AN INTEGRATED APPROACH WITH HUMAN RESOURCES

One of the most important organizational functions that should be involved when seeking to foster anti-corruption ethics and compliance in the company is the human resources department. Joining forces with human resources departments can support the creation and maintenance of an ethical and inclusive organizational culture. Also, human resources departments play a key role in the recruitment and onboarding processes of new personnel. Both processes need to be reflected in a comprehensive anti-corruption ethics and compliance programme: First, recruiting new personnel who show high levels of integrity and ethical understanding is important for the mitigation of corruption risks and efforts to sustain an ethical culture. Second, there are various types of conflict-of-interest risks related to the engagement of new personnel (see chapter III. C.2.). Third, new personnel who join the company need to receive training on the anti-corruption ethics and compliance programme during their onboarding process (see chapter III. D). Fourth, human resources is an important partner when it comes to determining disciplinary measures resulting from individual wrongdoing (see chapter III. H.).

## » Principle 2: Stakeholder Involvement

Transformational governance calls for multilateral reflection of risks by various stakeholders. Recognizing and valuing all relevant stakeholders' perspectives in the establishment and maintenance of anti-corruption ethics and compliance programmes implies a shift from a watchdog to a partnering function. Instead of forcing adherence to anti-corruption standards top down only, anti-corruption, ethics and compliance practitioners are called to actively listen to concerns that may be raised by internal stakeholders. Long-lasting and sustainable influence can be generated if the definition of anti-corruption standards reflects stakeholders' needs.

To establish strong partnerships and positively influence business decisions, anti-corruption ethics and compliance practitioners must establish and maintain trust with the entire company. Trust is generated by:

- 1. Transparent and proactive communication** as further outlined in chapter III.D.;
- 2. Frequent engagement by anti-corruption ethics and compliance practitioners** with the relevant internal stakeholders and participating in regular meetings, exchanges and business updates; and
- 3. Understanding the business and its activities, goals and challenges.** Personnel across the company are much more likely to trust guidance from anti-corruption, ethics and compliance practitioners when it is tailored to the business perspective and realities of the company. Business realities are determined by several internal and external factors. Internal factors relate to size, maturity and business model but also organizational structure and logistics. External factors relate to the business industry and the political and cultural environment. For example, a company operating in remote areas with poor levels of infrastructure may require different communication and training methods than a company exclusively operating in high tech-driven environments.

<sup>26</sup> K. Moosmayer, "Ethics and integrated assurance: The challenge of building 'trust'", Risk & Compliance, 2024.

By creating trust across the entire company and various functions, anti-corruption ethics and compliance practitioners can positively influence the company and its culture. In such a context, anti-corruption ethics and compliance programmes can be incorporated into business decision-making processes, not merely as a response to potential external sanctions, but because of a sincere recognition of their inherent value. This supports the understanding of anti-corruption ethics and compliance as a shared responsibility and creates a sense of ownership.

In practice, this means that all elements of the anti-corruption ethics and compliance programme, as described in chapter III, should be developed collaboratively with both internal and external stakeholders whenever feasible. Accordingly, anti-corruption ethics and compliance practitioners should:

- 1. Define all relevant stakeholders:** Whenever designing or improving an element of the anti-corruption ethics and compliance programme, all relevant stakeholders should be identified. Stakeholders can be regarded as relevant if they are directly or indirectly affected by an element of the anti-corruption ethics and compliance programme. Stakeholders may also be regarded as relevant if they are responsible for corporate governance or sustainability risks that are interrelated with anti-corruption ethics and compliance. In addition to internal stakeholders, external stakeholders such as trade unions, auditors or even investors or business partners may be invited to comment on and provide feedback to the anti-corruption ethics and compliance programme
- 2. Enable interactive processes:** Interactive processes involve creating meaningful opportunities for stakeholders to engage with the anti-corruption ethics and compliance programme. This includes not only providing comprehensive information to stakeholders but also actively seeking their feedback through a variety of channels, such as surveys, focus groups or open forums. Furthermore, interactive processes enable informal and formal discussions, including structured consultation rounds, workshops and collaborative meetings where stakeholders can voice their concerns, share insights and contribute to the development or refinement of programme elements.

### » Principle 3: External Engagement

To actively shape and contribute to new realities of doing business and drive responsible conduct, transformational governance calls for companies to act transparently and to pro-actively engage with external stakeholders. Translating this to practical guidance on anti-corruption ethics and compliance programmes implies that companies not only ensure anti-corruption ethics and compliance internally but also contribute to combat corruption externally.<sup>27</sup> Practical examples for how companies can be transparent and engage externally include:

**Public reporting:** Companies provide more visibility into their anti-corruption standards and publicly report on them. The 2023 EU Corporate Sustainability Reporting Directive (CSRD) is an example of how transformational governance gives a head start to companies that fall within the scope of this directive. The directive seeks to modernize and strengthen the reporting rules concerning social and environmental information.<sup>28</sup> Companies with extensive anti-corruption reporting may already meet these requirements.

<sup>27</sup> External engagement in fighting corruption is also suggested by the implementation of Principle 10.

<sup>28</sup> European Commission, "New rules on corporate sustainability reporting: The Corporate Sustainability Reporting Directive", 2025. [https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en)

**Position papers:** Proactive communication to the public makes a company's anti-corruption standards transparent (see chapter IV). Some companies publish blog posts, position papers or policies on corporate sustainability topics that are relevant to their industry.<sup>29</sup> Such communication not only implies that the public can hold the company more easily accountable to its standards, but it also influences other companies as well as the external environment. It propels the increase of anti-corruption standards by reiterating the importance of these topics in the public conscience.

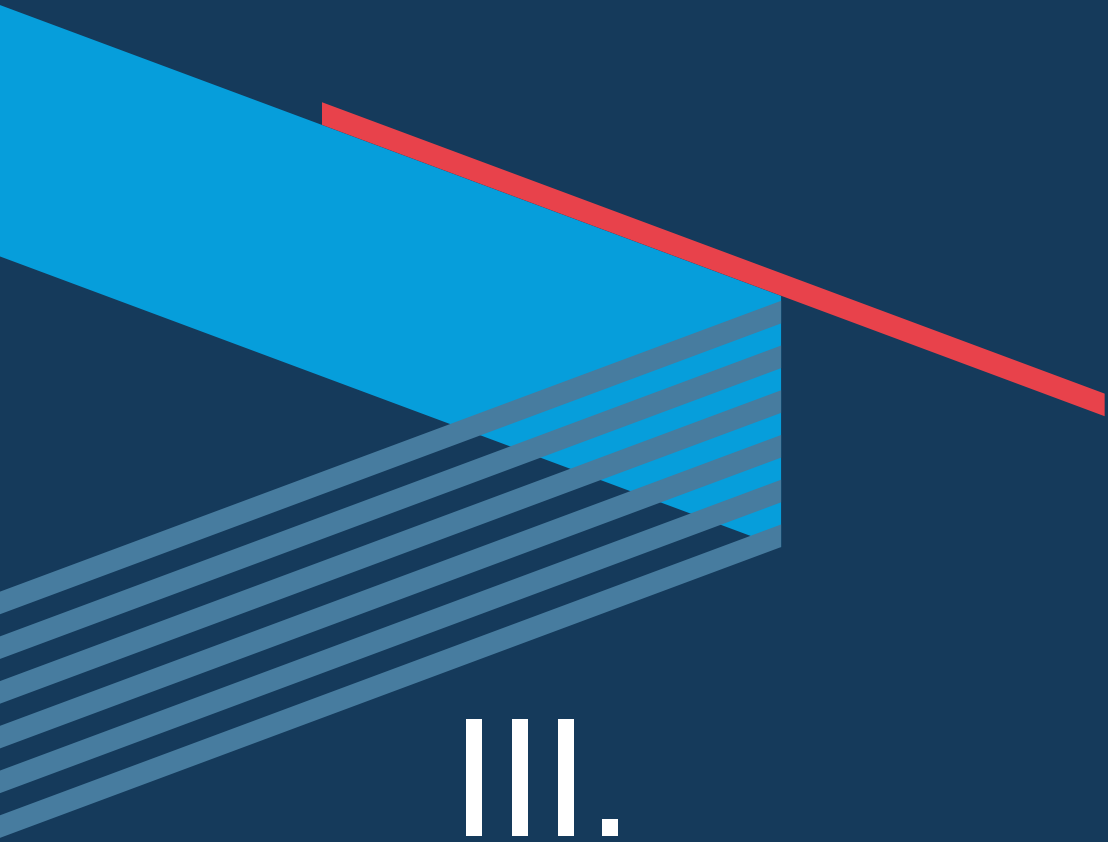
**Collective action:** Another way of engaging externally are collective action initiatives (see chapter V). The UN Global Compact, through its Global Compact Country Networks, UNODC,<sup>30</sup> as well as the Basel Institute on Governance, each promote several collective action initiatives to advance the anti-corruption agenda. Collective action takes place when relevant stakeholders such as the private sector, public sector, civil society, academia and youth come together to develop joint solutions to prevent and fight corruption in a sustainable manner<sup>31</sup> (see chapter IV).

Applying this integrated approach, involving all relevant stakeholders and engaging externally helps companies to set up and maintain anti-corruption ethics and compliance programmes with a transformational governance approach. This elevates anti-corruption ethics and compliance from a control function to a strategic capability that enables sustainable business conduct and strengthens institutional trust. The following chapter offers practical guidance on every element of an anti-corruption ethics and compliance programme, underscoring the significance of the three principles of transformational governance identified herein, and specifically highlights instances where their reflection is especially significant.

<sup>29</sup> For example: Patagonia, Lego, Novartis, CEMEX.

<sup>30</sup> United Nations Office on Drugs and Crime, Business Integrity Portal: <https://businessintegrity.unodc.org/>

<sup>31</sup> UN Global Compact, "Global Collective Action Initiatives", <https://acc.unglobalcompact.org/collective-action-initiatives>. Basel Institute on Governance, <https://collective-action.com/>



III.

**ELEMENTS OF AN  
ANTI-CORRUPTION  
ETHICS AND  
COMPLIANCE  
PROGRAMME**

Building on the principles outlined in the previous chapter, this chapter provides specific and practical guidance on how anti-corruption ethics and compliance programmes can be implemented with a transformational governance approach. Each subchapter presents an element of such a programme and succinctly discusses its significance in relation to transformational governance, and the principles outlined in chapter II whenever those are especially significant. In addition, each subchapter provides practical guidance for implementation and examines frequently encountered challenges associated with the process. Good practice guidance and examples of how to overcome those challenges complement this practical outline. The practical challenges as well as good practice examples were derived from the Think Lab for Business Integrity consultation sessions in 2024 and 2025.<sup>32</sup>

## A. FROM “TONE FROM THE TOP” TO ETHICAL LEADERSHIP

*This subchapter discusses the importance of ethical leadership for an effective anti-corruption ethics and compliance programme. It emphasizes that leaders should set an example by demonstrating strong ethical values and behaviours, fostering an ethical culture throughout the company. This chapter also provides guidance on how ethical leadership can be implemented.*

The “tone from the top” approach refers to the support and commitment of senior management<sup>33</sup> as an essential determinant of an anti-corruption ethics and compliance programme's success. Transformational governance sets out very specific responsibilities to senior management which go beyond visible support and commitment.<sup>34</sup> First, transformational governance calls on senior management to embrace anti-corruption as one of several areas where companies can make a positive and meaningful contribution to the achievement of SDG 16. Senior management should not only require the company to refrain from engaging in corrupt activities but also strive to set an ethical example within the industry and broader environment. This includes actively taking a stand against corruption and associated crimes such as money laundering, fraud and embezzlement. Second, transformational governance calls on senior management to foster a strong culture of integrity that is also more inclusive. A culture of integrity and inclusiveness requires ethical leadership at all levels of the company. Middle management must act as an ethical role model just as senior management.

### GOOD PRACTICE BOX 1

#### INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY

Members of the Think Lab on Business Integrity have unequivocally confirmed the importance of ethical leadership for the success of anti-corruption ethics and compliance programmes as well as the broader success of transformational governance. In fact, many Think Lab participants reported that a key catalyst to the success of their anti-corruption ethics and compliance programme was a change in management attitude, whether this was due to a change in management personnel or because of the experience of a severe crisis that unveiled the negative consequences of unethical leadership, such as a corruption scandal. Some Think Lab participants went as far as to state that a board member's sensitivity to transformational governance and corporate sustainability topics determines their suitability for the role.

<sup>32</sup> Think Lab for Business Integrity consultations sessions took place between May and October 2024.

<sup>33</sup> Senior management refers to a company's owner(s), Chief Executive Officers, Board of Directors or an equivalent body.

<sup>34</sup> United Nations Global Compact, “Transformational Governance and the Role of the Corporate Board and the Executive Leadership: A Business Brief”, 2024.

Ethical leadership implies that senior and middle management demonstrate strong ethical values such as integrity, transparency and accountability and drive an organizational culture that is based on these values. Apart from making anti-corruption ethics and compliance programmes more effective, ethical leadership creates various other positive effects.

- **Lower cost of anti-corruption ethics and compliance programmes:** Personnel that is motivated to act ethically recognize risks, take responsibility and proactively seek guidance. A strong ethical culture makes anti-corruption ethics and compliance programmes more effective and reduces overall costs, as staff can make independent decisions with less oversight needed from anti-corruption ethics and compliance functions.
- **Spillover to corporate sustainability performance:** Underscoring the value of transformational governance, recent studies also show that ethical leadership has a positive effect on corporate sustainability performance.<sup>35</sup> An organizational culture that is based on integrity, transparency and accountability implies that personnel generally treat each other with respect and dignity. Gender equality and inclusion are regarded as common sense, and a strong level of trust and psychological safety enables personnel to report concerns and wrongdoing. Ethical leaders treat such reports confidentially and act upon them appropriately. Risks are addressed proactively and arising issues are addressed in a holistic manner where each person involved feels accountable to work jointly on a solution.
- **Improved personnel performance:** Empirical data shows that companies which foster a strong organizational culture based on integrity experience significantly lower levels of personnel fluctuation, better personnel retention rates and overall higher levels of satisfaction, productivity and performance. For example, a study by Google Inc. found that psychological safety was the key distinguishing factor among the highest performing teams.<sup>36</sup>

## » Practical implementation of ethical leadership

Ethical leadership must be put into action. The following eight steps suggest what senior and middle managers must do to become ethical leaders.

### Step 1: Enable a transformational approach to corporate responsibility

Ethical leaders need to foster the integration of anti-corruption, ethics and compliance into other corporate governance and sustainability functions by setting joint targets, requesting an aligned strategy to achieve these targets and by setting the priorities of company goals accordingly. Corporate governance and sustainability goals must be incorporated into the company's core decision-making and governance processes.

### Step 2: Take ownership

Ethical leaders take ownership in implementing and continuously improving the anti-corruption ethics and compliance programme. This means that senior and middle management request to be informed about the implementation status and effectiveness of the various elements of the anti-corruption ethics

35 J. M. Modise, "Ethics Leadership and Sustainable Performance", *MRS Journal of Arts, Humanities and Literature*, 2(7), 45–56, 2025. M. Dey, S. Bhattacharjee, M. Mahmood, M. Uddin, S. Biswas, "Ethical leadership for better sustainable performance: Role of employee values, behavior and ethical climate", *Journal of Cleaner Production*, 337(1), 2022. A. Aws AlHares, "Ethical Leadership and Its Impact on Corporate Sustainability and Financial Performance: The Role of Alignment with the Sustainable Development Goals", *Sustainability*, 17(159), 2025.

36 Google Inc., "Understand Team Effectiveness", <https://rework.withgoogle.com/intl/en/guides/understanding-team-effectiveness>

and compliance programme. They provide support when challenges are encountered and monitor outcomes, such as the number of investigation cases. One way to foster the sense of ownership by senior management is to integrate performance on corporate governance and sustainability goals into the corporate objectives and performance rating of the individual senior management members. In that way, the performance of anti-corruption measures becomes an integral part of personal management goals.

### **Step 3: Ensure education and personal growth**

Ethical leaders engage in continuous learning and development of their anti-corruption, ethics and compliance competence. Regular board education is essential to ensure directors are aware of legal developments, new challenges to anti-corruption that may arise with the company's growth and development as well as the ever-changing business environment. Apart from specific anti-corruption training, senior management should also receive training on ethical leadership (see Resource Box 1). A key determinant in whether education leads to personal growth and higher levels of awareness is the ability of leaders to self-reflect their actions and decisions. Being open to feedback and criticism and able to create psychological safety among staff are important skills that ethical leaders must develop.

#### **RESOURCE BOX 1**

##### **UNIVERSITY MODULE SERIES ON INTEGRITY AND ETHICS - UNODC**

The UNODC University Module Series on Integrity and Ethics includes a module dedicated to ethical leadership, offering insights into leadership responsibilities and ethical decision-making.

**Module 4 Ethical Leadership** ([https://grace.unodc.org/grace/uploads/documents/academics/Integrity\\_and\\_Ethics\\_Module\\_4\\_Ethical\\_Leadership.pdf](https://grace.unodc.org/grace/uploads/documents/academics/Integrity_and_Ethics_Module_4_Ethical_Leadership.pdf))

### **Step 4: Establish responsibilities**

Ethical leaders assign clear responsibilities for anti-corruption and other corporate governance and sustainability topics. Depending on the size of the company, senior management may appoint an independent internal function, such as a compliance department for building and maintaining an anti-corruption ethics and compliance programme. This function must have the knowledge and expertise to assess the daily activities related to policy and procedural implementation of the anti-corruption ethics and compliance programme. The form of this function (its set-up, resources, roles and responsibilities) depends on the complexity, structure and size of a company and may differ from company to company. Small companies that may not be able to set up a separate function for anti-corruption ethics and compliance may consider appointing a dedicated person for these responsibilities.

### **Step 5: Provide sufficient resources**

Ethical leaders provide sufficient resources for the implementation and continuous improvement of the anti-corruption ethics and compliance programme. This includes sufficient human resources with relevant skill levels as well as adequate financial resources. Senior management may consider hiring and/or consulting subject matter experts to support the development of a high-quality programme.

### **Step 6: Act consistently**

Ethical leaders act consistently and "walk the talk." This implies that actions, decisions and informal communication are consistent with formal communication and announcements. Consistency means senior management should set ethical standards beyond anti-corruption and serve as role models for overall corporate governance and sustainability. To act as an ethical role model may sometimes

be challenging as directions from leaders may be misunderstood. For example, if compliance and financial targets are communicated without connecting them, it can create perceived ambiguity, leading personnel to believe they must compromise standards to meet performance goals. To enhance the level of consistency, it is crucial that leaders continuously reflect their own communication and are open for feedback and questions (see step 3).

#### **Step 7: Ensure commitment by the “tone at the middle”**

Ethical leaders ensure that their values and leadership are well understood and expressed on all hierarchical levels within the company (e.g. middle management). Middle managers often have the highest and most frequent visibility for “their” personnel at business entities. Middle managers are key multipliers and should be active in promoting the anti-corruption ethics and compliance programme.<sup>37</sup> As such, ethical leaders will ensure that principles of transformational governance are adhered to at all levels of the company, including board and management oversight and across all personnel, including those based in jurisdictions beyond the location of corporate headquarters.

#### **Step 8: Communicate support and importance**

Ethical leaders clearly communicate a zero-tolerance approach to corruption from the CEO/Board and throughout the business’ operations and relationships. The importance of anti-corruption and other corporate governance and sustainability topics is stressed during internal and external events (e.g. personnel training, shareholder meetings, conferences). Rather than a one-off activity, the supporting communication by ethical leaders is an ongoing demonstration of the company’s norms and values. There are many possibilities to make such support visible: Executive leaders can speak about anti-corruption and other corporate governance and sustainability topics with their direct reports, during town hall meetings or “coffee talks,” or can deliver messages in videos on the intranet or as part of announcements.

### **GOOD PRACTICE BOX 2**

#### **INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY**

The Think Lab for Business Integrity participants provided good examples demonstrating the fact that if leaders are genuinely interested in making their support for anti-corruption visible, then there are various opportunities for them to do so. For example, the CEO of one company had proactively posted the score of the code of conduct training on the intranet, sending a strong message to the company on the relevance of the training. Another company’s CEO signed a “compliance treaty” which states the CEO’s responsibilities regarding the support of the anti-corruption ethics and compliance programme, and that the support is considered in their annual performance.

#### **» Practical challenges and good practice advice**

The greatest practical challenge regarding the implementation of ethical leadership is the inherent dependency on a few (if not one) person’s character and awareness by senior management (see Good Practice Box 1). If the few persons who have the ultimate responsibility over the company do not embrace the responsibilities of a company that go beyond a narrow shareholder view and short-term

<sup>37</sup> Ethics & Compliance Initiative (ECI), “Global Business Ethics Survey: The role of middle managers in promoting ethical culture”, 2021. L. K. Treviño, M. Brown, L. P. Hartman, “A qualitative investigation of perceived executive ethical leadership: Perceptions from inside and outside the executive suite”, *Human Relations*, 56(1), 5–37, 2003. Organisation for Economic Co-operation and Development (OECD), “Committing to effective whistleblower protection”, 2016. [https://www.oecd.org/en/publications/committing-to-effective-whistleblower-protection\\_9789264252639-en.html](https://www.oecd.org/en/publications/committing-to-effective-whistleblower-protection_9789264252639-en.html)

profits, it is difficult to establish and maintain transformational governance and to foster a strong anti-corruption ethics and compliance programme. The following points aim to provide some inspiration for anti-corruption ethics and compliance practitioners who face such challenges.

- **Provide training and share cases:** A lack of willingness to engage in ethical leadership sometimes results from a lack of awareness and sensitivity. Providing training on anti-corruption and compliance may help make senior management more sensitive also to other business integrity risks.<sup>38</sup> By providing continuous training and seeking influence on the level of awareness of top management, a change in the attitude and understanding may be gradually achieved. At times it may be helpful to highlight scandals and cases of industry peers as well as good practice. Providing insights on potential consequences for non-compliance but also good practice examples as benchmarks may resonate well with senior management as they tend to compare their performance with other market players and competitors.<sup>39</sup>
- **Apply an integrated approach:** Senior management representatives may sometimes feel conflicted between different stakeholder needs and pressured to focus on short-term financial objectives. Organizational functions that drive corporate governance and sustainability should strongly collaborate and align to provide a united message to senior management. An aligned string of arguments will make senior management more aware of the needs and benefits to drive transformational governance and can support efforts to convince the individuals representing the senior management.
- **Gain support by middle management:** Partnerships and stakeholder involvement, as mentioned in chapter II., may also help overcome challenges relating to the tone at the top. If middle managers become trusted partners of the anti-corruption ethics and compliance function as well as other organizational functions promoting corporate governance and sustainability, this may help generate a shift in the attitude at the top. Middle managers are also crucial partners in disseminating values and principles across the company to allow a favourable organizational culture to be maintained even without the support of senior management.

#### » Considerations for small and medium-sized enterprises (SMEs)

Ethical leadership is just as crucial, if not more so, in SMEs.<sup>40</sup> Lacking the size and complexity of large companies, ethical leadership can be demonstrated in a more direct and personal way. This allows senior management of SMEs to avoid typical challenges of indirect communication to personnel. However, senior managers must be aware that their behaviour as a role model is even more important. Personnel in SMEs may have more interaction with senior management which enables personnel to better scrutinize management behaviour. In this way, personnel observe how senior management react in challenging situations, decide how to allocate resources, communicate with business partners and seek regular updates on the status of the anti-corruption ethics and compliance programme. Since personnel and business partners can observe the actions of senior management more easily, it can be expected that ethical leadership has an even stronger importance for the success of the anti-corruption ethics and compliance programme in SMEs.

38 United Nations Global Compact, "Transformational Governance and the Role of the Corporate Board and the Executive Leadership: A Business Brief", 2024.

39 Deloitte Insights, "Benchmarking for Success: How Boards Can Measure and Improve Performance", 2020. R. G. Eccles, I. Ioannou, G. Serafeim, "The impact of corporate sustainability on organizational processes and performance", *Management Science*, 60(11), 2835–2857, 2014. R. H. Garrison, E. W. Noreen, P. C. Brewer, "Managerial Accounting", McGraw-Hill Education, 2021. McKinsey & Company, "The Board Perspective: Benchmarking your company's performance", 2017. <https://www.mckinsey.com>.

40 L. J. Spence, J. F. Lozano, "Communicating about ethics in small firms: Experiences from the UK and Spain", *Journal of Business Ethics*, 27(1/2), 43–53, 2000.

## B. RISK ASSESSMENT

*This subchapter highlights the importance of conducting a thorough corruption risk assessment as a foundational step for an effective anti-corruption ethics and compliance programme. Understanding the specific corruption risks faced by a company is crucial for tailoring adequate mitigation strategies addressing those risks effectively. By integrating risk assessments into the overall corporate strategy, companies can strengthen their anti-corruption efforts and enhance their overall sustainability.*

Preventing and countering corruption effectively requires a thorough understanding of the corruption risks a company may face. Therefore, the design of an anti-corruption ethics and compliance programme should be based on a thorough and regular risk assessment.<sup>41</sup> Such an assessment enables a better understanding of vulnerabilities in the processes of the company that may allow for corruption to take place and supports the prioritization of mitigation measures to be implemented. Corruption risks differ among and within companies according to various factors such as industry, business model, size, structure and geographical operations. Corruption risks may also vary internally across organizational functions, depending on the level of interaction with business partners and on the incentives provided for corruption.

Corruption often relates to other types of corporate crime such as tax evasion, money laundering, anti-trust and fraud.<sup>42</sup> Furthermore, various studies have shown how corruption may aggravate climate risks since weak environmental regulations resulting from corruption may contribute to environmental degradation, including unsustainable exploitation of natural resources, deforestation, illegal logging and pollution.<sup>43</sup> Transformational governance acknowledges these interrelations and advocates for an integrated approach when assessing corporate governance and sustainability risks.

### GOOD PRACTICE BOX 3

#### INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY

To operationalize an integrated reflection of corporate governance and sustainability risks and to enable the creation of integrated solutions, some companies start applying an integrated risk governance approach by incorporating enterprise risk management, ethics and compliance into one organizational function.<sup>44</sup> Other companies work with cross-functional “risk committees” to support the alignment on risk assessment and management. One company of the Think Lab for Business Integrity applies an integrated approach for the risk assessments of specific business transactions. As such, various functions jointly discuss the risks related to a specific business activity on an ad hoc basis.

41 United Nations Global Compact, “A Guide for Anti-Corruption Risk Assessment”, 2013. Transparency International UK, “Risk Assessment: Anti-Bribery Guidance Chapter 4”, 2018. <https://www.antibriberyguidance.org/sites/default/files/4.%20Risk%20Assessment%20-%20Anti-Bribery%20Guidance.pdf>

42 Transparency International, “Corruption and Other Economic Crimes”, 2023. <https://www.transparency.org>. Organisation for Economic Co-operation and Development (OECD), “The Detection and Prosecution of Foreign Bribery”, 2017. [https://www.oecd.org/en/publications/committing-to-effective-whistleblower-protection\\_9789264252639-en.html](https://www.oecd.org/en/publications/committing-to-effective-whistleblower-protection_9789264252639-en.html)

43 United Nations Office on Drugs and Crime, OECD, World Bank, “The Impact of Corruption on Sustainable Development: Think Piece for the G20 Anti-Corruption Work Group”. F. Ganda, “The Influence of Corruption on Environmental Sustainability in the Developing Economies of Southern Africa”, Heliyon, Vol. 6, 2020. V. Tawiah, J. Kebede, A. Kyiu, “Corruption, Chinese Investment, and Trade: Evidence from Africa”, Journal of Emerging Market Finance, 21(2), 123–151, 2022. D. Zhou, V. K. Tawiah, N. Alessa, “The Impact of Corruption on Climate Risk – An International Evidence”, Environmental Development, 52, 2024.

44 K. Moosmayer, “Ethics and Integrated Assurance: The Challenge of Building Trust”, Risk & Compliance Magazine, 2024.

The integrated risk perspective in line with transformational governance helps the assessment of corruption risk to become more comprehensive and creates various positive effects:

- **Creation of synergies:** An integrated risk perspective, in line with transformational governance, improves the understanding of interdependencies between various types of risks. As such, it helps better recognize the relation between corporate governance and sustainability risks and operational activities. Acknowledging such interdependencies allows companies to define synergies and can make mitigation measures more effective.
- **Increased efficiency:** An integrated risk perspective increases the efficiency of risk assessments and reduces costs as there is only one exercise to be conducted, one technology to be purchased and one line of communication into the business. Some risks may be assessed by reviewing the same information or asking the same questions to risk owners. The Global Compact Human Rights and Labour Working Group, for example, illustrates how corruption and human rights risks assessments can be combined.<sup>45</sup>
- **Strategic alignment:** An integrated risk perspective empowers senior and middle management to make more informed decisions and to better align organizational goals and the company strategy with the outcome of the risk assessment. For instance, growth initiatives (like entering new markets) can be evaluated alongside associated corruption, financial, geopolitical and sustainability risks. An integrated risk perspective also allows the company to spot emerging risks early and to adapt its strategy proactively, rather than reactively.

## » Practical implementation of risk assessments

Risk assessments should be framed as part of an overall risk management process,<sup>46</sup> which requires the definition of an oversight function, the operational design, operational roles and the risk assessment process.

- **Oversight function:** The identification of an oversight function is important to ensure that the risk assessment is carried out as defined in the operational design. The initial definition of an overall risk tolerance, the review of the outcomes and the evaluation of mitigation strategies also falls within the scope of the oversight function.<sup>47</sup> The oversight function should be part of the company's executive leadership and should be an active part of the operational design process.
- **Operational design:** Operational activities and parameters need to be clearly defined and documented, comprising the following areas:
  - » Timing and frequency of risk assessment;<sup>48</sup>
  - » Risk factors to be considered;
  - » Procedures for risk assessment (e.g. quantification of risks);

<sup>45</sup> J. Drewert, K. Banadjee, "Linking Human Rights and Anti-Corruption Compliance: A Good Practice Note", endorsed by the United Nations Global Compact Human Rights and Labour Working Group, 21 December 2016. [https://www.globalcompact.de/migrated\\_files/wAssets/docs/Korruptionspraevention/Publikationen/Human\\_Rights\\_and\\_Anti\\_Corruption\\_Compliance.pdf](https://www.globalcompact.de/migrated_files/wAssets/docs/Korruptionspraevention/Publikationen/Human_Rights_and_Anti_Corruption_Compliance.pdf)

<sup>46</sup> International Organization for Standardization (ISO), "ISO31000 Risk Management – Guidelines", 2018.

<sup>47</sup> Further information on oversight for the entire anti-corruption programme can be found in chapter III.

<sup>48</sup> It is advisable to conduct a formal risk assessment at least on an annual basis. However, the pace of change in today's world may require establishing risk assessment as a continuous process. Senior management must assess the overall risk exposure and adjust risk priorities accordingly.

- » Persons included in the risk assessment (e.g. internal personnel, business partners, external stakeholders);
  - » Internal and external reporting of outcomes; and,
  - » Software solutions and potential artificial intelligence (AI) to be employed (see chapter VI).
- **Operational roles:** Qualified personnel need to be appointed and empowered to undertake the risk assessment. It is recommendable to involve mid to high-level managers representing various functions of the company. In large and decentralized companies, personnel from headquarters as well as local entities may be assigned to participate in the exercise. Companies may also choose to hire external consultants to facilitate the risk assessment.
  - **Risk assessment and management process:** The risk assessment and management process can be framed along the five steps outlined below which are based on the ISO 31000 risk management process.<sup>49</sup>

## RESOURCE BOX 2

### GUIDELINES FOR RISK ASSESSMENT

The United Nations Office on Drugs and Crime and the United Nations Global Compact created the following good practice guidelines for risk assessment to learn from and benchmark against recognized processes, activities and typical risk areas:

1. *"A Guide for Anti-Corruption Risk Assessment"* developed by the United Nations Global Compact (<https://unglobalcompact.org/library/411>).
2. *"State of Integrity: A Guide on Conducting Corruption Risk Assessments in Public Organizations"* developed by the United Nations Office on Drugs and Crime ([https://www.unodc.org/documents/corruption/Publications/2020/State\\_of\\_Integrity\\_EN.pdf](https://www.unodc.org/documents/corruption/Publications/2020/State_of_Integrity_EN.pdf)).

Figure 1: Corruption risk assessment and management process



<sup>49</sup> The five steps are based on ISO 31000 which provides international guidelines for managing risk in any organization by establishing principles, a framework and a process.

## Step 1: Establish the context

As a first step, companies should reflect on the external and internal factors that define the environment in which they operate.

### External factors

- **The level of contextual stability** relates to all factors that shape the business environment in which a company operates. Stability may be undermined by political upheavals (such as revolutions, coup d'états, war or geopolitical tensions leading to sanctions), health crises (such as epidemics and pandemics) and natural disasters. Emergency situations can exacerbate corruption<sup>50</sup> by weakening law enforcement<sup>51</sup> and by creating circumstances where certain resources are scarce, increasing the incentives for bribery.<sup>52</sup>
- **Legal requirements and other regulatory measures**, and the anti-corruption legal framework provide crucial guidance. Companies should understand the laws and regulations of the jurisdictions where they operate.
- **Certain industries and regions** typically experience higher corruption risks, which can shape market dynamics, competitiveness, local customs and stakeholder expectations (including suppliers, customers and officials). Industry analysis also reveals how frequently companies interact with government bodies. For instance, construction companies often deal with public procurement, while life science companies rely on public agencies and bodies for product development and approval.

### Internal factors

- **The company structure** may have an impact on the level of corruption risk. Companies with a decentralized structure may have reduced oversight and control over the operations of their branches and subsidiaries.<sup>53</sup> The company structure also encompasses the hierarchy within the company, which can serve as a potential indicator of corruption risk. Various studies have demonstrated a positive correlation between the perception of corruption and organizational hierarchy.<sup>54</sup>
- **A company's business model** can influence its exposure to corruption risk. Some business models require the support of business partners, such as sales agents or subcontractors, which may pose an increased risk of corruption to the company due to reduced levels of control. Other

50 United Nations Office on Drugs and Crime, "Non-Binding Guidelines for Strengthening International and Multilateral Cooperation to Further Prevent, Identify, Investigate and Prosecute Corruption during Times of Emergency and Crisis Response and Recovery", Vienna, 2023. [https://www.unodc.org/documents/corruption/Publications/2024/UNODC\\_Non-binding\\_guidelines\\_on\\_corruption\\_during\\_times\\_of\\_emergency\\_and\\_crisis\\_response\\_and\\_recovery\\_FEB24.pdf](https://www.unodc.org/documents/corruption/Publications/2024/UNODC_Non-binding_guidelines_on_corruption_during_times_of_emergency_and_crisis_response_and_recovery_FEB24.pdf)

51 Organisation for Economic Co-operation and Development (OECD), "Law Enforcement Responses to Corruption in Emergency Situations: Practical Guidelines", OECD Business and Finance Policy Papers, No. 30, 2023. OECD Publishing, Paris. <https://doi.org/10.1787/b2e5344f-en>

52 During the COVID-19 pandemic, South Africa faced widespread allegations of corruption related to the procurement of personal protective equipment (PPE) and other pandemic-related supplies. Reports revealed that government officials and private companies engaged in corrupt activities, including inflating prices, awarding contracts to politically connected individuals and delivering substandard or non-existent goods. Investigations revealed that some officials accepted bribes in exchange for awarding contracts to certain companies, bypassing competitive bidding processes. See Transparency International, "Corruption and the COVID-19 Pandemic", 2020. <https://www.transparency.org/en/news>

53 R. V. Aguilera, G. Jackson, "The Cross-National Diversity of Corporate Governance: Dimensions and Determinants", *Academy of Management Review*, 28(3), 447–465, 2003.

54 T. R. Evans, R. Kviatkovskyyte, S. O'Regan, S. A. Adolph, N. Tasnim, F. O. Nkagbu Chukwudi, M. M. Krzan, "Corruption and Hierarchy: A Replication of Studies 1c and 6 of Fath & Kay 2018", *The Journal of General Psychology*, 151(4), 536–553, 2024. <https://doi.org/10.1080/00221309.2024.2317247>

contributing factors may include high staff turnover, dependency on critical licences, complex contracts or a short-term financial focus.

- **The organizational culture** can also affect the likelihood of corruption in a company.<sup>55</sup> It is shaped by prevailing social norms and reflected in informal rules of conduct. Companies with a culture characterized by intense competitiveness, low levels of trust and weak integrity are more likely to be prone to corruption than those where honesty, participation and ethical values are strongly encouraged and actively promoted.
- **Strong incentives** may encourage engagement in corrupt practices, such as variable salary components based on performance or high pressure to achieve results.
- **Information on previous corruption** cases and investigations can provide valuable insights into how corruption occurs, the circumstances surrounding it and opportunities for prevention. This requires a thorough analysis of such cases to understand the incentives, decision-making processes and responsibilities involved. Companies should not only examine their internal cases but also learn from peers in the same industry and business partners who have experienced corruption cases that were prosecuted and made public.
- **Interrelations between corruption and other corporate governance and sustainability risks** should be considered as advocated by transformational governance. For example, a relevant factor is the level of diversity and gender equality within the company. Research from University of California, Berkeley has found that companies with more women on their boards tend to have stronger governance and greater transparency.<sup>56</sup> A study of French CAC 40 firms showed that higher corruption risk leads to more tax avoidance, but gender-diverse boards reduce this effect, effectively reversing the positive link between corruption risk and tax avoidance.<sup>57</sup> Apart from gender equality and the level of diversity, companies may also consider the company's overall engagement in corporate governance and sustainability as a contextual factor.

## Step 2: Identify corruption risks

The second step is to identify potential corruption risks facing the company. This can be accomplished by performing the following activities:

- **Review of organizational functions and specific work processes** to spot where illicit actions could occur, supplemented by interviews, focus groups and documentation reviews.
- **Brainstorming sessions with those involved in the risk assessment** (such as mid- to high-level managers) to list possible corruption schemes, treating it as a hypothetical exercise rather than an investigation.
- **Requesting input** from experienced outsiders or anonymous personnel surveys can also be valuable. Identifying risks may involve reviewing underperforming departments, unusual procurement patterns or complaints of nepotism.

55 E. J. Hald, A. Gillespie, T. W. Reader, "Causal and Corrective Organisational Culture: A Systematic Review of Case Studies of Institutional Failure", *J Bus Ethics*, 174, 457–483, 2021. <https://doi.org/10.1007/s10551-020-04620-3>

56 United Nations Office on Drugs and Crime, "The time is now - addressing the gender dimensions of corruption", 2020.

57 A. Marzouki, A. Ben Amar, "Corporate Corruption Risk, Tax Avoidance and the Moderating Role of Gender Diversity: Evidence from the French CAC 40 Listed Firms", *EuroMed Journal of Business*, ahead-of-print, 2025. <https://doi.org/10.1108/EMJB-09-2024-0236>

### Step 3: Analyse corruption risks

Once a list of potential corruption risks has been compiled, the risks need to be analysed to better understand their potential impact. This analysis is essential for prioritizing risks in the following step. The analysis can be structured along three common categories of impact for companies:

- **Legal impact**, relating to legal sanctions for corruption<sup>58</sup> (e.g. criminal fines, compensatory damages, imprisonment). Legislation, particularly relating to the bribery of foreign public officials, has increasingly become extra-territorial in its reach, impacting both the subsidiary in the country where the bribery occurred and the parent company subject to the legal requirements.
- **Commercial and operational impact**, relating to negative impacts on day-to-day activities, such as purchasing, production, sales, recruitment and investment (e.g. debarment from public tenders, or unfavourable financing conditions).
- **Reputational impact**, relating to the public perception of a company and its personnel. Companies that are strongly customer-facing and dependent on public trust must take reputational impact seriously, as it may have long-lasting detrimental effects on both profitability and reputation. Over the last decade, increased exposure through social media networks as well as increased ethical standards have substantially contributed to the importance of this factor.<sup>59</sup>

### Step 4: Evaluate corruption risks

Companies may identify a variety of corruption-related risks. Since it may not be feasible or practical for a company to address all identified corruption risks at the same time, it is required to prioritize corruption risks. To prioritize risks, companies should evaluate their inherent corruption risk exposure. The inherent risk exposure is defined as a combination of the probability of occurrence and the impact of occurrence.

- **The probability of occurrence** refers to the likelihood that a corruption-related risk will materialize within a foreseeable timeframe (e.g. within the next 12 months).
- **The impact of occurrence** relates to an estimation of all negative legal, commercial and operational, and reputational consequences for the company.

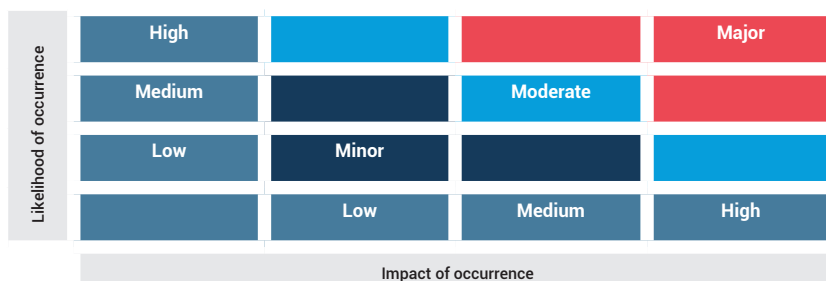
A qualitative risk assessment assigns “low,” “medium,” or “high” categories to both the likelihood and impact of inherent risk exposure. Each company should define what these categories refer to. For example, it must be defined what is regarded as “low” probability or what “low” impact implies. While the rating of the likelihood and impact may be subjective, they should be well-founded, based on evidence gathered during the risk analysis phase.

Major risks, i.e. those that are identified as having both a high impact and a high likelihood, or a high impact and medium likelihood, or vice versa, should be prioritized. Additionally, it may be useful to visualize the overall risk exposure in a “Risk Heat Map,” as visualized in figure 2 which helps to understand and communicate the risks across the company.<sup>60</sup>

<sup>58</sup> The United Nations Convention against Corruption calls for the criminalization of various manifestations of corruption and acts carried out in support of corruption, such as bribery of national and foreign public officials, embezzlement, illicit enrichment, laundering of proceeds of crime (chapter III of UNCAC).

<sup>59</sup> Edelman Trust Barometer, “Global Report”, 2023. <https://www.edelman.com/trust-barometer>. C. J. Fombrun, L. J. Ponzi, W. Newbury, “Stakeholder Tracking and the Role of Social Media in Reputation Management”, Corporate Reputation Review, 18(1), 3–15, 2015. Organisation for Economic Co-operation and Development (OECD), “The Rationale for Fighting Corruption”, 2014.

<sup>60</sup> See for instance: United Nations Global Compact, “A Guide for Anti-Corruption Risk Assessment”, 2013 or United Nations Office on Drugs and Crime, “State of Integrity: A Guide on Conducting Corruption Risk Assessments in Public Organizations”, 2020.

**Figure 2:** Corruption risk heat map

### Step 5: Mitigate corruption risks

Once corruption-related inherent risks have been identified and assessed, companies need to determine corruption risk mitigation measures to manage and ideally minimize these risks. All measures should be collected in a corruption risk mitigation plan. Measures may relate to policies, training and checks and balances which are all elements of an anti-corruption ethics and compliance programme as further outlined in this *Guide*. The mitigation plan must provide sufficient details such as responsibilities and due dates.<sup>61</sup> This supports the generation of resources required to implement the mitigation plan.

To define adequate measures, the underlying causes of each identified corruption risk should be understood as different causes require different responses. For example, a risk caused by lack of oversight demands a different approach than one caused by inadequate staff training or the absence of an automated system. Next, the existing control for every underlying cause needs to be examined. This means reviewing current compliance frameworks, policies, procedures and practices to determine if additional controls are needed.

This stage can include structured interviews with personnel, a detailed review of internal documentation and a review of existing anti-corruption controls.

- **Structured interviews** should be conducted with key staff members such as accountants, procurement officers and internal auditors. These interviews are essential for both identifying issues and corroborating the findings that arise from preliminary brainstorming sessions.
- **A review of relevant internal documents** – including complaints, records of disciplinary action, audit findings and the outcomes of prior investigations – should be undertaken. Such documentation can reveal organizational vulnerabilities and offer further insight into previously identified risks. Additionally, an analysis of procurement and accounting records may highlight unusual or suspicious patterns.
- **An evaluation of the existing anti-corruption controls** should serve as the starting point. The controls need to be linked to identified corruption risks. This assessment should address the effectiveness of these controls and determine whether there is historical evidence of their failure to prevent the specific types of corruption for which they were designed. Particular attention should be given to instances where management has overridden established controls. For example, a frequent waiver of the established procurement processes or on payment authorizations, or repeated neglect of segregation-of-duties protocols in financial processes, may indicate a breakdown in control effectiveness or inherent conflicts with organizational operations.

<sup>61</sup> The process for developing the mitigation plan is described in more detail in the “State of Integrity: A Guide on Conducting Corruption Risk Assessments in Public Organizations” developed by the United Nations Office on Drugs and Crime, 2020.

## » Practical challenges and good practice advice

Risk assessments can present practical challenges. One key issue is obtaining reliable and meaningful data, which requires identifying “risk owners”<sup>62</sup> and securing their engagement in the assessment process. In some companies, both the identification of risk owners and their engagement can be difficult, as individuals or functions may be reluctant to assume responsibility for specific risks. This challenge is linked to the negative perception of risk. Ensuring the participation of risk owners is especially challenging in rapidly changing business environments, where frequent risk assessments are required. This can lead to “risk fatigue,”<sup>63</sup> potentially undermining the quality of data or input provided for the risk assessment.

A good practice to overcome these challenges is to clarify the ownership at the outset of the exercise. This may require support from senior management as well as targeted training. Training helps other organizational functions understand that a thorough risk assessment is key to addressing risks effectively. Furthermore, a key factor to keep risk owners engaged is to clearly define the frequency of risk assessments (e.g. annually) and ensure that the process for providing input is user-friendly. For example, questions should be specific, clear and ideally engaging for risk owners, potentially sparking meaningful discussions.

The challenge of low motivation to contribute to the risk assessment highlights the importance of stakeholder involvement (see principle 2, chapter II.), organizational culture and ethical leadership. When those responsible for conducting the risk assessment are well integrated into the company and have established trusted relationships, the motivation and willingness to provide meaningful input are significantly higher. Executive leaders should therefore promote the value of the integrated risk assessment as it helps them to better navigate and steer their company through the ongoing transformation of business realities and environments.

## » Considerations for small and medium-sized enterprises (SMEs)

The need to assess corruption risks applies regardless of a company's size, reach or complexity. SMEs face similar negative consequences as large companies. They may, in fact, be more vulnerable to corruption, such as extortion attempts from business partners or public officials. It is therefore important that SMEs identify relevant risks and ensure that their anti-corruption ethics and compliance programme addresses these risks effectively.

SMEs may have fewer human and financial resources available for risk assessment. However, their smaller workforce and lower organizational complexity can make it easier to identify risks through direct inquiries than in larger companies. SMEs can make use of publicly available tools, guides and supporting information to carry out their own risk assessment, such as the UNODC Corruption Risk Assessment Tool for SMEs<sup>64</sup> or the Corruption Risk Assessment Tool for companies in Myanmar.<sup>65</sup>

SMEs are also encouraged to collaborate with other SMEs, chambers of commerce, business associations and trade unions within their geographical area or industry to gather information on related corruption risks and identify suitable mitigation measures.

<sup>62</sup> Risk owner refers to the individual who is ultimately accountable for ensuring the risk is managed appropriately.

<sup>63</sup> Risk fatigue relates to a lack of motivation by risk owners to analyse and address risks.

<sup>64</sup> United Nations Office on Drugs and Crime, “Corruption Risk Assessment Tool for SMEs”, <http://romenacratoool.unodc.org/RiskAssessment.php>.

<sup>65</sup> Business Integrity Myanmar, “Corruption Risk Assessment Tool”, 2022. <https://assessment.businessintegritymyanmar.org/>.

## C. POLICIES AND PROCEDURES

*This subchapter outlines essential policies and procedures that companies should implement to establish an effective anti-corruption ethics and compliance programme. It emphasizes the importance of having clear, comprehensive and accessible policies that define acceptable and unacceptable behaviours. It highlights the role of leadership in enforcing these policies and procedures, and in ensuring that they are integrated into the company's overall governance framework.*

*Three core areas to be addressed with policies and procedures are discussed in more detail: anti-corruption, conflicts of interest and other types of high-risk activities (including 1. gifts, hospitality, travel, entertainment and other transfers of value; 2. charitable contributions and sponsorship; and 3. political contributions and lobbying).*

A key cornerstone of an anti-corruption ethics and compliance programme is the formalization of anti-corruption and ethics standards through policies and procedures. Policies ensure that requirements become transparent, formalized and enforceable. Procedures support the integration of these requirements into daily business activities and processes. In line with the transformational governance perspective, anti-corruption ethics and compliance policies and procedures should be seen as part of a broader corporate governance and sustainability framework. When developing and maintaining policies and procedures all three principles derived from transformational governance (see chapter II) should be applied.

### 1. Integrated approach (principle 1 of transformational governance)

- All matters related to corporate governance and sustainability should be covered within one comprehensive document that also connects these topics to the company's core values. Such a document, often referred to as a code of conduct, ethics code or sustainability code, serves to demonstrate the common ground and interdependence of the topics addressed.
- An integrated approach should be evident in the collective management of policies and procedures. Collective management means that the company follows a single, standardized process for developing, approving and implementing its policies.

### 2. Stakeholder involvement (principle 2 of transformational governance)

- Policies and procedures should be developed in collaboration with the target group. This ensures that they reflect the perspective of those persons who must apply the policies and procedures in their day-to-day activities.
- Policies and procedures need to be gender sensitive and inclusive, e.g. by avoiding gender-biased language. They should address gender-specific risks such as sexual corruption and should reflect the realities of potential gender inequalities that may exist within the company. A key objective of policies and procedures should be to empower women and contribute to greater gender equality and inclusion.

**GOOD PRACTICE BOX 4****INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY**

A great example for stakeholder involvement was shared by one member of the Think Lab for Business Integrity. The company developed their new code of conduct with a “crowdsourcing” approach. This approach allowed employees from all locations and levels to contribute input and discuss the content they consider important for inclusion. The participation fostered active dialogue around values and empowered vulnerable societal groups. The final code of conduct was well received by the employees around the globe because the participation also led to a higher sense of ownership.

**3. External engagement (principle 3 of transformational governance)**

- Policies and procedures should be visible to business partners, including subsidiaries, joint ventures, agents, representatives, consultants, brokers, contractors, suppliers or any other associated entities.
- Where possible, a company's key policies should be visible and accessible to the public.

**» Key quality criteria for policies and procedures**

For policies and procedures to be effective they should be designed in accordance with the following quality criteria:

- **Customer friendliness:** The content of policies and procedures should be easy to understand for all personnel. It is advisable to avoid acronyms or technical jargon. Policies drafted by legal counsels may result in overly “legalistic” language that may be difficult to understand for personnel without a legal background. To enhance customer friendliness, policies should be as concise and clear as possible. Lengthy explanations should be avoided and instead included in training materials, which are typically communicated in other formats. Further, the content and language should reflect the company culture and unique structure. Finally, policies should be translated into all relevant languages used within the company. The most effective way to ensure customer friendliness is by involving stakeholders as much as possible during the development or review of the policy (see above).
- **Legal consistency:** Naturally, the content of anti-corruption ethics and compliance policies and procedures must align with all applicable legal requirements. Companies must also closely monitor updates and changes in legal jurisdictions and assess whether their policies and procedures need to be modified (e.g. in response to new public reporting requirements or more stringent legal obligations, such as data protection laws). Large companies operating across multiple jurisdictions need to actively manage the maintenance of legal consistency.
- **Accessibility:** Policies and procedures should be easily accessible. Companies may consider publishing information on the company intranet and in newsletters, publications and other communication channels. Many companies use document management systems to publish,

disseminate and store their policies. Dedicated measures, such as a support and advice helpdesk, may be offered to address questions and concerns, and to increase the understanding of the policies and procedures.

#### » **Practical challenges and good practice advice**

Creating effective and consistent policies and procedures may pose some practical challenges. Apart from the strong dependency on ethical leadership, which determines the effectiveness of every element presented in this *Guide*, there is a risk of an inherent tension between global standards and local realities. This may pose less of a burden for small and medium-sized companies (SMEs) which may tend to operate in fewer jurisdictions and cultures.

When creating a global standard, it is crucial not to provide too many details on process requirements and scenario-based advice. Rather, the global standard should be based on principles that are realized differently in the various local subsidiaries and affiliates. This allows the creation of processes which reflect cultural specifics, local realities and practical necessities required for successful implementation.

#### » **Considerations for small and medium-sized enterprises (SMEs)**

Just as large companies must do, SMEs need to establish a zero-tolerance policy prohibiting the various manifestations of corruption. Based on their risk assessment, SMEs may need to address fewer manifestations than larger companies. SMEs with fewer international operations may also find it easier to establish a global policy for the various manifestations of corruption.

While SMEs may tend to have less formalized and documented business processes, it is important that they formally document and publish their anti-corruption policy. A formal policy helps to clarify the expectations between personnel and business partners. To establish a clear, visible and accessible policy prohibiting corruption, SMEs may use free guidance and templates that are available (see Resource Box 3).

### **RESOURCE BOX 3**

#### **FREE POLICY TEMPLATES**

1. **UNODC Model Code of Conduct** ([https://businessintegrity.unodc.org/bip/uploads/documents/resources/Model\\_Code\\_of\\_Conduct.pdf](https://businessintegrity.unodc.org/bip/uploads/documents/resources/Model_Code_of_Conduct.pdf)).
2. **Ethisphere, Model Anti-Corruption Policy** (<https://ethisphere.com/wp-content/uploads/Model-Policies-7.2.18.pdf>).
3. **CMCP, Integrity Policy, Anti-Corruption** (<https://www.cmpc.com/assets/uploads/2023/08/Integrity-Policy-AntiCorruption-2021.pdf>).
4. **Sustainability Initiative of South Africa, Bribery, Corruption, and Fraud Policy** (<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fsiza.co.za%2Fwp-content%2Fuploads%2F2021%2F02%2FBribery-and-Corruption-Policy-Template.docx&wdOrigin=BROWSELIN>).

## C.1 Anti-Corruption Policy

A clear, visible and accessible policy prohibiting corruption serves as the operational foundation for all other practical elements of the anti-corruption ethics and compliance programme. It sets out the principles and rules that all personnel and relevant business partners need to adhere to. Such a policy formalizes the company's commitment to preventing corruption.

Corruption can encompass a wide range of illegal acts, making it challenging to establish a universally accepted and easily understood definition. During the negotiations of the United Nations Convention against Corruption, it was concluded that any attempt at a comprehensive definition would inevitably fail to capture some forms of corruption. As a result, the international community reached consensus on certain manifestations of corruption while allowing each State the flexibility to go beyond the minimum standards set out in the Convention.<sup>66</sup>

### RESOURCE BOX 4

#### TOOLS AND RESOURCES FOR ANTI-CORRUPTION KNOWLEDGE (TRACK) PLATFORM - UNODC

An overview of legislation and information on the implementation of UNCAC from over 180 States worldwide, searchable by provision of the Convention, is available through the Legal Library, which can be accessed via the UNODC Tools and Resources for Anti-Corruption Knowledge (TRACK) platform.<sup>67</sup> TRACK helps to promote and facilitate the exchange of information gained in the implementation of the Convention and guides practitioners and the public in navigating the challenges of fighting corruption.

### » Practical implementation of an anti-corruption policy

Companies are advised to align the anti-corruption requirements in their anti-corruption policies with the standards of the Convention and relevant legislation (see Resource Box 4). In addition, companies are advised to review industry-specific requirements. The following elements can be considered as core elements of a good practice anti-corruption policy in line with the provisions of chapter III of UNCAC on criminalization and law enforcement.

#### 1. Prohibition of all manifestations of corruption

- **Bribery of national public officials:** The promise, offering or giving to a national public official of an undue advantage, to act or refrain from acting in matters relevant to official duties (active bribery). The solicitation or acceptance by a national public official of an undue advantage, to act or refrain from acting in matters relevant to official duties (passive bribery);
- **Bribery of foreign public officials and officials of public international companies:** The promise, offering or giving to a foreign public official and official of a public international organization of an

<sup>66</sup> The Convention lists offences that States Parties must establish as crimes (mandatory criminalization) as well as offences that States Parties are required to consider establishing. The Convention introduces minimum standards, but States Parties are free to go beyond them. It is indeed "recognized that States may criminalize or have already criminalized conduct other than the offences listed in this chapter as corrupt conduct" (United Nations Office on Drugs and Crime, "Legislative Guide for the Implementation of the United Nations Convention against Corruption", 2006).

<sup>67</sup> <http://www.track.unodc.org>

undue advantage, to act or refrain from acting in matters relevant to official duties (active bribery). The solicitation or acceptance by a foreign public official and official of public international organizations of an undue advantage, to act or refrain from acting in matters relevant to official duties (passive bribery);

- **Bribery in the private sector:** Active or passive bribery by any person who directs or works, directly or indirectly, in any capacity, for a private sector entity;
- **Embezzlement of property in the private sector:** Embezzlement by any person who directs or works, directly or indirectly, in any capacity, for a private sector entity;
- **Trading in influence:** Abuse of a public official's influence with an administration, public authority or State authority to gain an advantage;
- **Abuse of functions:** Performance of, or failure to perform, an act in violation of the law by a public official to obtain an undue advantage;
- **Illicit enrichment:** A significant increase in assets of a public official that cannot reasonably be explained as being the result of his or her lawful income;
- **Laundering of proceeds of crime:** The concealment of the origins of corruptly obtained money, often by means of transfers involving foreign banks or legitimate businesses;
- **Concealment of proceeds of crime:** Hiding or continued retention of property that has resulted from corruption; and
- **Obstruction of justice:** The use of physical force, threats or intimidation or the promise, offering or giving of an undue advantage to induce false testimony, or to interfere in the giving of testimony or the production of evidence in a proceeding in relation to the commission of corruption offences, or to interfere with the exercise of official duties by a justice or law enforcement official in relation to the commission of corruption offences.

## 2. Prohibition of facilitation payments

Facilitation payments are unofficial, improper, small payments made to a low-level official to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment is legally entitled.<sup>68</sup> Facilitation payments are typically paid to public officials to obtain licence, certificates and other forms of public services. However, such payments can also be made to commercial service providers (such as an electricity or gas provider). Facilitation payments are bribes and therefore prohibited under the United Nations Convention against Corruption and national legislations.

When tolerated, facilitation payments undermine the organizational culture of zero-tolerance of corruption. The major challenge with facilitation payments is that, in some countries, such payments may still be regarded as standard practice or even as a "necessary part of doing business." In such environments, companies that abstain from facilitation payments may face initial competitive disadvantages. Nevertheless, companies need to be aware that such payments constitute a corruption offence under the respective country's legislation. Companies are therefore advised to address the risk of facilitation payments in their anti-corruption policy and prohibit and outline clear consequences if provided.

<sup>68</sup> International Chamber of Commerce, "Rules on Combating Corruption", Article 6, 2011.

The policy should address situations in which a request for a facilitation payment is accompanied by an immediate threat, especially when security and safety is at risk. Such scenarios can be addressed by including an exemption clause, allowing facilitation payments when necessary to prevent serious harm, while specifying the process to report the situation for action to be taken.

### 3. Addressing grey areas and industry-specific requirements

There are various legitimate expenditures and interactions that can be misused as a cover for corrupt acts (e.g. gifts, hospitality, travel expenses, entertainment, sponsorship, charitable contributions and/or political contributions). Differing customs and business practices across geographical regions and industry specific practices can make it challenging to distinguish between legal and illegal practices.<sup>69</sup> Companies should address these grey areas by clearly defining the boundary between legitimate and non-legitimate business practices and providing guidance to personnel. Specific grey areas and industry-specific practices may be addressed in separate policies (see C.3).

## C.2 Conflicts of Interest Policy

Conflicts of interest should be addressed in a separate policy as they are closely linked to corruption and bribery. The policy should clarify that whether a conflict of interest is actual or perceived is not relevant. Any situation or constellation that may cast doubt on the objectivity of business decisions needs to be addressed by adequate measures.

### WHAT IS A CONFLICT OF INTEREST?

A conflict of interest exists when an individual in a company has professional, personal or private interests that diverge from the interests of the company they are expected to represent. In short, the individual's interests conflict with those of the company. For instance, a marketing manager at a beverage distributor who is responsible for deciding which sports event the company should sponsor may face a conflict of interest if they also serve as a board member of a sports club or if their child is active in a sports club that is being considered for sponsorship. Deciding on a sponsorship for the sports event may create added value to the company, however, the perception that the marketing manager may be biased by personal interests can erode the trust of other personnel.

In line with the principles derived from transformational governance it is advisable for companies to ensure that the policy and procedures to address conflicts of interest are created and maintained with an integrated approach and stakeholder involvement. In practice, this means that human resources, the anti-corruption ethics and compliance function and other relevant organizational functions jointly develop a policy, and manage relevant procedures and measures.

<sup>69</sup> United Nations Industrial Development Organization, United Nations Office on Drugs and Crime, "Corruption Prevention to Foster Small and Medium-Sized Enterprise Development", 2007.

## » Practical implementation of a conflict of interest policy

The following elements can be considered as core elements of a good practice conflict of interest policy:

- **Definition of different conflicts of interest types;**
- **Requirement to disclose both actual and perceived conflicts; and**
- **Requirement to adequately mitigate conflict of interest risks.**

### 1. Conflict of interest types

Conflicts of interest can be differentiated along the origins of the potential bias.

- **Gifts, benefits and hospitality** can lead to conflicts of interest if personnel feel the obligation to reciprocate by giving an undue advantage that is not in the company's best interest. Alternatively, personnel may make decisions in favour of the party that provided such gifts, benefits or hospitality in the expectation of receiving similar personal advantages in the future. Behavioural studies have shown that reciprocal giving and receiving strongly influence behaviour.<sup>70</sup> For instance, personnel receiving regular benefits from a service provider may be inclined to favour this company in relevant business decisions. If gifts, benefits and hospitality are inappropriate, they may even constitute a bribe (see chapter III. C.3.)
- **Outside appointments** can lead to conflicts of interest when a company representative is engaged in another organization and must make decisions that involve a trade-off between advantages for the respective entities. For example, a senior manager at a construction company who also serves as a board member of a large public hardware store chain may face a conflict of interest if they appoint the hardware store as the preferred supplier without conducting a thorough competitive analysis.
- **Parallel internal positions** can lead to conflicts of interest when personnel have competing professional responsibilities within the same company. For instance, personnel who simultaneously perform both executive and controlling functions may face situations where the objectives of the executive role conflict with those of the controlling function. In such cases, personnel may prioritize performance or profit over ensuring that the control functions are properly performed.
- **Financial investments** can lead to conflicts of interest when personnel favour business relationships with companies in which they have invested. For instance, personnel may prefer a particular supplier, where they own a substantial number of shares, over more qualified competitors during procurement tenders.
- **Employment of relatives** can lead to conflicts of interest when personnel favour family members or close acquaintances over other qualified individuals due to a perceived moral obligation. Such conflicts of interest may result in favouritism (nepotism) and have negative consequences for the company.
- **Employment of public officials** refers to the movement of individuals from public office to jobs in the private sector—commonly known as the “revolving door” phenomenon.<sup>71</sup> While this movement

<sup>70</sup> E. Fehr, S. Gächter, “Fairness and Retaliation: The Economics of Reciprocity”, Working Papers of the Institute for Empirical Research in Economics, No. 40, 2000. A. Falk, U. Fischbacher, “A Theory of Reciprocity”, Working Papers of the Institute for Empirical Research in Economics, No. 06, 2000. S. Gächter, B. Herrmann, “Reciprocity, Culture and Human Cooperation: Previous Insights and a New Cross-Cultural Experiment”, *Phil. Trans. R. Soc. B*, 2009.

<sup>71</sup> Organisation for Economic Co-operation and Development (OECD), “Post-Public Employment: Good Practices for Preventing Conflict of Interest”, OECD Publishing, Paris, 2010. <https://doi.org/10.1787/9789264056701-en>

supports labour market dynamism and the development of skills and competencies, it also presents risks of conflicts of interest. These risks are especially heightened when an individual moving from the public to the private sector takes up a position that involves interaction with their former workplace. The risk is even higher if the former public official is engaged in lobbying activities on behalf of the company and their strong public sector network is a key factor in their recruitment. If not properly managed and monitored, the revolving door can generate corruption risks and have distortionary effects on the economy, especially when political connections are concentrated within a small number of companies.<sup>72</sup> Actual or perceived claims of undue advantage or misuse of insider information through the employment of a public official can result in reputational and legal consequences for the company.

- **Employment of politically exposed persons** involves similar risks like those of employing former public officials. Such individuals may be relatives of public officials or have outside appointments that bring them into close contact with public officials.

## 2. Disclosure process

The conflict of interest policy should clearly state responsibilities and procedures for disclosing conflicts of interest. Ideally, companies introduce a digital solution or tool that can be used to record conflict of interest disclosures. Rules of disclosure may require senior managers, board members and possibly personnel in positions more vulnerable to corruption (e.g. procurement, finance, human resources) to declare their assets. Asset disclosure may include financial information on sources of income and assets such as remuneration, ownership, investments and substantial gifts or benefits.<sup>73</sup> Such disclosure can help identify possible conflicts of interest and prevent situations that may lead to inadvertently or intentionally biased decision-making. Depending on their risk tolerance, companies may also consider requiring the disclosure of assets held by family members of personnel who are subject to asset disclosure rules.

## 3. Mitigation of conflict of interest risks

Additionally, the conflict of interest policy should define how conflicts of interests can be addressed. Companies commonly apply three different mitigation strategies, depending on the level of risk involved:

- **Situation is avoided or dissolved:** The best way to prevent conflicts of interest is by avoiding or dissolving situations that could create them. For example, a senior manager may decline an outside appointment at a company where their personal and company interests could conflict.
- **Adjusting the level of authority:** A common method for addressing conflicts of interest is to reassign or limit the decision-making authority of personnel in situations where a conflict arises. For example, if a manager is connected to a preferred supplier, the manager's authority regarding decisions about that supplier can be removed. Additionally, incorporating additional decision

<sup>72</sup> E. Brezis, J. Cariolle, "The Revolving Door Indicator: Estimating the Distortionary Power of the Revolving Door", U4 Brief, 2014. <https://www.u4.no/publications/the-revolving-door-indicator-estimating-the-distortionary-power-of-the-revolving-door>

<sup>73</sup> It is widely recognized that asset disclosure can help to manage conflicts of interests by significantly increasing transparency and public oversight. To date, efforts to increase insights into income, assets and interests have primarily focused on the public sector. For example, the Stolen Asset Recovery (StAR) Initiative of the World Bank and the United Nations Office on Drugs and Crime examines the importance of disclosure by public officials for the fight against corruption. The deterrent effect of public disclosure may also be leveraged to prevent embezzlement of illicit enrichment by private sector representatives. Several initiatives aimed at increasing transparency in the income structures of senior private sector actors have been established. Among others, the European Commission and the OECD recommend the disclosure of compensation for individual board members and executives.

makers to review actions taken by individuals facing conflicts of interest may also be an effective approach.

- **Documentation and transparency in decision-making:** When conflicts of interest present a low level of risk, it is generally appropriate to document the objective criteria used in decision making and to ensure transparency throughout the process.

Companies should not only address conflicts of interest by their internal personnel but also by their business partners. Conflicts of interest may be assessed in the company's due diligence process (see chapter III. I). For instance, supplier due diligence can reveal past or present personal relationships with the company's procurement officers. Similarly, due diligence can uncover conflicts of interest in other types of business relationships, such as joint ventures, vendors, mergers and acquisitions.

### C.3 Policies on High-Risk Activities

When addressing the various manifestations of corruption, companies may find that some legitimate business activities can be misused to disguise a bribe or to engage in trading in influence. This typically relates to expenditures in the following three categories:

- **Gifts, hospitality, travel cost reimbursements, entertainment and other transfers of value;**
- **Charitable contributions and sponsorships; and**
- **Political contributions and lobbying.**

Companies are advised to address the potential misuse of these types of expenditure in their policies to underline their overall commitment to zero-tolerance of corruption. Due to the general legitimacy of such expenditures, companies may have to invest considerable effort in communicating the associated risks and the importance of complying with the relevant policies and procedures. These procedures should help personnel distinguish legitimate and appropriate use from misuse to secure undue advantage.

#### 1. Practical implementation of policies regulating gifts, hospitality, travel cost reimbursements, entertainment and other transfers of value

**Explanation:** Giving gifts or providing hospitality are legitimate expenditures and common business practices for building relationships or expressing appreciation. Similarly, a company may cover travel and entertainment expenses to demonstrate its capabilities, such as by attending a conference or visiting a production site. Providing free product samples or free services to business partners may also be legitimate and common business practice. The associated risk does not stem from the expenditure itself but from situational factors and disproportionality.

**Practical standards:** The following good practice standards should be regarded when establishing such policies:

- The types of expenditure should be clearly defined.
- Guidance should consider local customs and the context of the specific industry.
- Policies need to be supported by comprehensive procedures to identify the risks and implement mitigation measures.

- Policies should provide specific guidance (e.g. checklists or decision trees) to clarify whether it is appropriate to accept or offer the relevant benefit.
- Specific guidance should account for higher risks when offering benefits to public officials.
- Situational factors should be reflected in the specific guidance:
  - » Types of gifts, hospitalities, travel modes or entertainment types that are acceptable;
  - » Limits of monetary value;
  - » Reimbursement from the counterpart;
  - » Characteristics of the counterpart;
  - » Frequency of the benefits provided;
  - » Nature of the business relationship; and
  - » Occasion.

Besides giving personnel detailed guidance on assessing whether expenditures are reasonable and bona fide, companies may also implement measures to mitigate the risks that personnel – intentionally or unintentionally – misinterpret policies and guidance materials. Such measures can include approval procedures (e.g. requiring multiple approvals for benefits involving public officials), clearly defined responsibilities (e.g. specifying who needs to be informed) and documentation requirements (e.g. outlining what needs to be recorded).

## 2. Practical implementation of policies regulating charitable contributions and sponsorships

**Explanation:** Companies use charitable contributions and sponsorships to support social causes, enhance their brand visibility, or obtain benefits like advertising credits. These may involve money, goods, services, or membership fees to various organizations. However, such expenditures can pose corruption risks if used to gain improper business advantages or mask illicit acts. Companies should address these risks in a policy.

**Practical standards:** The following good practice standards should be regarded when establishing policies on charitable contributions and sponsorships.

- Provide a clear definition of charitable contributions and sponsorships.
- Provide guidance on the kinds of contributions that are allowed and under which circumstances.
- Prohibit charitable contributions where payments are made to private accounts.
- Require understanding of the counterpart's own provisions regarding charitable contributions and sponsorships.
- Define criteria to be met for charitable contributions and sponsorships, such as:
  - » Appropriate timing of charitable contributions and sponsorships (e.g. not during a tendering process); and
  - » Absence of any conflicts of interest between the person initiating the charitable contribution and sponsorship and the recipient.
- Strategies and objectives for charitable contributions and sponsorships (e.g. specifying the types of activities to be supported).
- Approval procedures in line with the amount and nature of the charitable contributions or sponsorships to ensure independence (e.g. by an approval committee).

- Maintenance of accurate books and records (see chapter III.F.).
- Regular reviews of charitable contributions and sponsorships.
- Disclosure of charitable contributions and sponsorships to enable public scrutiny (unless secrecy or confidentiality is legally required).

### 3. Practical implementation of policies regulating political contributions and lobbying

**Explanation:** As politics fundamentally shape the business environment, companies have an inherent and strong motivation to influence the political landscape in which they operate. In most countries, such influence is legally permitted through financial contributions to political parties, party officials, and candidates, or via direct lobbying, which involves the company representing its interests in relation to specific political decisions or developments. Both activities, political contributions and lobbying, involve the risk of abuse and corruption, which explains the increase in regulations governing these practices over the past decade (see chapter IV.). When engaging in political contributions and lobbying, companies should consider good practice standards such as the Responsible Lobbying Framework, launched in 2020, and the UN Global Compact Transformational Governance and Responsible Governmental Engagement Brief.<sup>74</sup>

Lobbying activities can take a variety of forms, ranging from professional lobbying by specialized public affairs or legal firms, to in-house lobbying or interest representation undertaken by associations. When conducted with integrity and transparency, lobbying can support democratic processes by helping to ensure specific interests are heard. However, when opaque and/or disproportionate, it can lead to corruption and undue influence over policymaking.<sup>75</sup> Excessive influence by business groups may result in unfair competition, policy capture, and the erosion of public trust in democratic processes and institutions.<sup>76</sup> Lobbyists use various methods, including direct communication with officials, participation in hearings, drafting reports and media commentary.

Another increasingly regulated aspect of lobbying is the requirement for public reporting on lobbying expenditures and related personnel. An increasing number of jurisdictions now require companies to register their lobbyists, making such information publicly available. However, even in countries where legal requirements do not yet exist, companies can positively influence the perception of lobbying and contribute to the development of joint standards by proactively reporting their lobbying expenses (see chapter IV.).

**Practical standards for political contributions:** The following good practice should be regarded when establishing policies on political contributions.

- Provide a clear definition of political contributions.
- Provide guidance on the kinds of contributions allowed and under which circumstances.
- Provide guidance on the types of political or social goals that the company seeks to support.
- Provide guidance in line with local customs and economic circumstances.

<sup>74</sup> Responsible Lobbying, "The Responsible Lobbying Framework", 2020. <https://www.responsible-lobbying.org/the-framework>. United Nations Global Compact, "Transformational Governance and Responsible Governmental Engagement: A Business Brief", <https://unglobalcompact.org/library/6158>

<sup>75</sup> M. Jenkins, S. Mulcahy, "Businesses' Lobbying Practices", Transparency International, 2018.

<sup>76</sup> United Nations Global Compact, "Transformational Governance and Responsible Governmental Engagement: A Business Brief", <https://unglobalcompact.org/library/6158>

- Define the approval process, including relevant stakeholders (e.g. through a committee), to ensure the following risk mitigation measures:
  - » Appropriate timing of political contribution (e.g. not during a major political decision-making process);
  - » Thresholds for political contributions;
  - » Evaluation of personnel and business partners regarding their connections to political parties, officials, candidates and politically exposed persons, to identify potential conflicts of interest.
- Regular reviews of political contributions.
- Disclosure of political contributions to enable public scrutiny (unless secrecy or confidentiality is legally required).

**Practical standards for lobbying:** The following good practice standards should be regarded when establishing policies on lobbying.

- Provide a clear definition of lobbying.
- Prohibit the following forms of lobbying:
  - » Lobbying that violates regulations;
  - » Lobbying that involves the exchange of favours;
  - » Lobbying that undermines the public interest; and
  - » Any disproportionate influence on policymaking, with public opinion serving as a potential benchmark.
- Require a “cooling-off” period for former government officials who join the company and are expected to engage in lobbying activities.

The policy should reflect specific legal regulations and good practice standards regarding lobbying (e.g. the Responsible Lobbying Framework and responsible governmental engagement in line with transformational governance). These requirements have increased over recent years and typically address corruption and conflict of interest risks related to lobbying such as the revolving door process (see chapter III. C2.).

## D. INTERNAL COMMUNICATION AND TRAINING

*This subchapter emphasizes the critical role of internal communication and training in establishing and maintaining an effective anti-corruption ethics and compliance programme. It highlights that clear and consistent communication is essential to ensure all personnel understand the company's anti-corruption policies and procedures. The subchapter outlines the importance of regular training sessions to educate personnel about the risks of corruption and the measures in place to prevent it. It also discusses the need for tailored training programmes that address the specific needs and risks of different departments and roles within the company. By fostering a culture of transparency and continuous learning, companies can better equip their personnel to identify and respond to potential corruption risks.*

Transformational governance requires companies to elevate their integrity and ethical benchmarks, which should be evident in their corporate culture. This foundation is shaped by ethical leadership (see chapter III. A.). Additionally, anti-corruption ethics and compliance functions are essential in fostering an ethical workplace environment. The effectiveness of these efforts is largely determined by the quality of communication and training provided. Advancing beyond standard approaches to transformational governance necessitates that anti-corruption and ethics functions prioritize ethical education and clearly articulate the principles underpinning key anti-corruption standards.

Apart from shifting to a more explanatory and influencing approach in communication and training, companies are advised to apply the transformational governance principles outlined in chapter II. Anti-corruption ethics and compliance functions should align their communication and training efforts with other organizational functions supporting governance and sustainability. When involving key stakeholders, communication and training will become more tailored to the needs of various target groups. External engagement implies that companies cooperate with business partners or public entities to leverage education in their anti-corruption efforts.<sup>77</sup> Applying an integrated approach and stakeholder involvement in communication and training has various positive effects:

- **Consistent message throughout the company:** A joint communication and training strategy helps to ensure consistency of the messages communicated in the company. When communication and training are rolled out using the same tools, standard formats and languages, this helps personnel to better recognize the intention and context of the content delivered.
- **Improved timing:** An integrated communication and training strategy allows for adequate timing of communication campaigns and training efforts. It avoids starting too many initiatives at the same time, which could create frustration and lack of interest with the personnel.
- **Sharing knowledge and experience:** The strong alignment between various functions in the company that drive corporate governance and sustainability topics may create an important learning effect between those functions. Experience with communication and training formats can be exchanged which leads to the sharing of good practice standards.

<sup>77</sup> Various examples for cooperations between private companies and public entities are provided here: Business at OECD (BIAC), "Shaping the Values for a Sustainable Future: Education for the Fight Against Corruption", <https://www.businessatoecd.org/hubs/Shaping%20the%20values%20for%20a%20sustainable%20future%20-%20Education%20for%20the%20fight%20against%20corruption.pdf?hsLang=en>

- **Lower costs:** Standardizing communication and training helps create scaling effects which lower the costs for single initiatives. The entire process of creating training modules and setting up communication campaigns becomes more streamlined and efficient.
- **Higher level of effectiveness:** The more communication and training efforts seek to involve stakeholders and reflect consistency, the better it will be received, understood and supported by the relevant audience.

#### » Practical implementation of anti-corruption ethics and compliance communication

Anti-corruption ethics and compliance communication can be understood as any form of interaction that helps to raise awareness about and educate on anti-corruption standards. This broad view of anti-corruption ethics and compliance communication implies that not only formal communication activities should be considered as part of the communication strategy. Informal communication activities conducted by anti-corruption ethics and compliance practitioners are also considered forms of communication, such as phone calls, chats and emails exchanged with the business to answer questions, including participation in business meetings, workshops or working groups. Whether they are formal or informal communications, the "who," "how," "what" and "when" of communication should always be considered.

- **Who:** Although the anti-corruption ethics and compliance function is ultimately responsible for creating an internal communication strategy, content and activities, the actual communication may also be carried out by various members of the company, especially senior management. As outlined in chapter III. A., ethical leadership implies that senior management, middle managers and ultimately all leaders in the company communicate the relevance of compliance and other corporate sustainability topics. As such, senior management plays a crucial role in making communication on anti-corruption effective.

#### GOOD PRACTICE BOX 5

##### INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY

The discussions on communication with participants of the Think Lab have shown that many compliance functions have appointed "compliance ambassadors" or "compliance champions" to support the communication activities of the anti-corruption ethics and compliance programme. Compliance ambassadors/champions are individual personnel who work in other organizational functions and represent the anti-corruption ethics and compliance programme in addition to their primary roles. Depending on the set-up within each company, the ambassador/champion acts as a first-level support function, answering questions within their assigned organizational function. The ambassador/champion may also support the roll-out of formal communication activities and promote the values underpinning the anti-corruption ethics and compliance programme.

- **How:** To ensure that any form of communication (whether informal or formal) is meaningful and inclusive, principles 1 (integrated approach) and 2 (stakeholder involvement) as outlined in chapter II. should be reflected. As put forward by transformational governance, an integrated approach to communication implies that every interaction considers the potential relevance of other corporate sustainability topics. Next, communication needs to reflect an understanding of partnership, which means it cannot be a one-way exercise. Anti-corruption

ethics and compliance practitioners need to demonstrate active listening skills and genuinely seek to understand the business perspective. Furthermore, any form of communication by the compliance function should be inclusive, respectful and fair. It should reflect gender sensitivity and consider the perspectives of disadvantaged groups. Finally, communication must consider business realities. For example, a digital communication campaign may not reach all relevant stakeholders if most personnel do not have access to computers. Therefore, all communications should be tailored and customized to suit the specific geographic regions and particular contexts in which the company operates.

- **What:** As mentioned at the beginning of this section, communication comprises any form of transmitting information on anti-corruption ethics and compliance, whether formal or informal. Informal communication is just as relevant as formal communication. Formal communication is often directed at a larger group of recipients and involves a higher level of accountability, as it reinforces the official standards to which a company commits. Informal communication is directed at a smaller group of recipients or individuals. It can help establish personal relationships and build trust with stakeholders, making anti-corruption ethics and compliance more approachable.
- **When:** Communication is not a one-time exercise but must be regular and continuous. Announcements and important updates should be made at times where they do not compete with other impactful announcements. Here, alignment with other functions' communication plans is key. The frequency of communication should be adapted based on the results and insights from the risk assessment. High-risk areas or personnel exposed to higher levels of corruption risk should receive training more regularly (at least once per year).

### GOOD PRACTICE BOX 6

#### INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY

There are various communication activities that can support the formal communication of anti-corruption ethics and compliance standards, such as:

- Newsletter (in paper form) or news sharing in internal distribution channels (e.g. intranet);
- Compliance web page on the intranet; compliance updates through social media or podcasts; compliance guidance materials;
- Compliance notice posted in social areas (e.g. kitchen) and restrooms;
- Compliance updates at town hall meetings or at other internal events; and
- Anti-Corruption Day (9 December) or compliance week.

Apart from these communication activities, training is a crucial element of communication and can, in fact, be considered the most important formal communication activity.

#### » Practical implementation of anti-corruption ethics and compliance training

Training activities are one specific form of communication and the guidance provided on the “who,” “how,” “what” and “when” (see above) applies equally to compliance training activities. Regarding the “who” and “what,” companies are advised to structure the training content into standardized training and tailored training.

- **Standardized training** highlights the company's overall commitment to zero-tolerance of corruption. It should include information on policies and procedures as well as their underlying rationale, objectives and processes. Explanatory background information on the purpose of the programme should be provided to enhance the understanding of the need for such policies and procedures and the different situations in which corruption risks may occur.

Standardized training is often delivered in the form of computer-based training courses such as e-learning<sup>78</sup> or training videos. These channels allow for easy and cost-effective distribution and documentation. E-learning solutions have gained increased significance over the past decade, paralleling the growing prevalence of remote work. This shift accelerated the development, sophistication and availability of e-learning tools, including the growing use of so-called "gamification." Gamification refers to the technique of incorporating game-like elements into non-game settings, such as learning management systems, to enhance personnel engagement.

## RESOURCE BOX 5

### DOING BUSINESS WITH INTEGRITY - UN GLOBAL COMPACT & UNODC

"Doing Business with Integrity" is a scenario-based e-learning course jointly developed by the UN Global Compact and UNODC. It helps personnel navigate integrity challenges through real-life business cases. This course is an example of a basic ethics induction module that can be adopted as mandatory for all the employees of the company.

**Access the course** (<https://unglobalcompact.org/academy/course-library/doing-business-integrity>)

- **Tailored training** should be provided in addition to standardized training modules. It addresses the specific needs of different groups of personnel. For example, training may be provided to the procurement department and key suppliers on specific corruption risks in the supply chain.<sup>79</sup> Senior management may also be a separate group that requires dedicated training on the importance of ethical leadership (see chapter III. A.). New joiners should be accounted for in the training plan as well. Anti-corruption ethics and compliance functions need to closely collaborate with human resources departments to allow for seamless and complete integration of anti-corruption training courses into the onboarding plan of new personnel.

Tailored training modules can provide practical guidance on how to deal with concrete challenges (e.g. how to identify a foreign public official, or how to handle a customs official's demand for a facilitation payment to ensure timely clearance of perishable goods). While standardized training may help raise awareness among personnel and business partners that such payments are illegal, it may not equip them with the necessary skills to handle solicitation or extortion in a way that complies with the company's anti-corruption policy.<sup>80</sup>

78 United Nations Office on Drugs and Crime, United Nations Global Compact, "Doing Business with Integrity: E-Learning Course", <https://unglobalcompact.org/academy/course-library/doing-business-integrity>

79 United Nations Global Compact, "Fighting Corruption in the Supply Chain: A Guide for Customers and Suppliers, Second Edition", [https://d306pr3pise04h.cloudfront.net/docs/issues\\_doc%2FAnti-Corruption%2FFighting\\_Corruption\\_Supply\\_Chain.pdf](https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2FAnti-Corruption%2FFighting_Corruption_Supply_Chain.pdf)

80 Training may include the discussion of real-world scenarios for solicitation and extortion. See for instance: International Chamber of Commerce, World Economic Forum, Transparency International, United Nations Global Compact, "Resisting Extortion and Solicitation in International Transactions", 2011.

## GOOD PRACTICE BOX 7

### INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY

Another way to adapt training content to personnel profiles is by assigning personnel to either training for decision makers or training for gatekeepers. Decision makers are those personnel who may be directly exposed to corruption whereas gatekeepers are personnel who could potentially recognize red flags in the decision-making processes (such as those working in finance or human resources). This approach makes anti-corruption training relevant even for personnel who may initially believe that corruption is unrelated to their role. It also empowers gatekeepers to actively contribute to the company's anti-corruption efforts. This approach is especially valuable in companies where gender inequality remains a challenge and where women are more frequently represented in "gatekeeper" roles than in "decision maker" roles.

Tailored communication and training activities also make use of common media channels for self-study but often require increased interaction between colleagues and peers. This allows the discussion of challenging situations, such as those involving facilitation payments. When training participants can share individual experiences in a safe environment, the training session becomes truly interactive, significantly increasing both the understanding and the perceived value of the training content.

Tailored training should respond to cultural or regulatory differences. A typical example is the acceptance and use of whistle-blowing channels for reporting corruption concerns, which can vary greatly across regions, and may not be suitable for a global, standardized communication and training approach.

- **Documentation of communication and training activities** is key to enable the assessment of their effectiveness, efficiency and sustainability.<sup>81</sup> Records of personnel attendance at training events should be kept, detailing the number of training modules everyone received. This documentation can help the company defend itself in the event of corruption allegations.

## » Practical challenges and good practice advice

A lack of interest and time among personnel can be a practical challenge when implementing communication and training on anti-corruption. In many companies, personnel are faced with an increasing number of tasks and responsibilities. The volume of information processed through multiple communication channels can be substantial, particularly for those working in office environments. As a result, engaging personnel and capturing their attention for communication and training on anti-corruption can indeed be challenging.

However, several good practices can help overcome this challenge:

- **Plan early and align:** As noted above, it is crucial to align the anti-corruption ethics and compliance training plan with the human resources function and middle management. Anti-corruption ethics and compliance functions are therefore advised to create an annual curriculum in consultation with relevant stakeholders (see principle 2, chapter II.). Early planning and alignment with human resources and management facilitate adequate time allocation for personnel to complete training and encourage managers to prioritize and effectively communicate the importance of timely training completion. It also helps avoid the communication of conflicting priorities to personnel.

<sup>81</sup> More information on the assessment of the anti-corruption activities can be found in chapter XII.

- **Ensure that content is relevant and engaging:** As mentioned earlier, content needs to relate to personnel's everyday realities. It also needs to capture their interest. One effective method is the use of storytelling. Storytelling is a powerful tool to influence and teach because it creates connections, helps the learner align with the purpose and promotes the exchange of ideas.<sup>82</sup> It can help anti-corruption ethics and compliance practitioners reach their audience in ways that foster understanding, enable them to remember and inspire action. Using previous wrongdoing cases as examples can also be an effective way to create understanding and interest.
- **Measure attentiveness:** To ensure a certain level of engagement, many companies use final tests that personnel need to pass before the training is considered completed.

Another way to ensure attendance and timely completion of compliance training modules is to reflect training completion in personnel's performance reviews. As this connects to incentive schemes facilitating compliance, it will be discussed further in the next chapter.

#### » **Considerations for small and medium-sized enterprises (SMEs)**

Given the limited resources of SMEs, communication and training are of paramount importance to the success of their anti-corruption ethics and compliance programmes. Personal communication from the company's management, or their participation in training, reinforces the image among the personnel and stakeholders that the company is committed to the programme. Training also offers opportunities to discuss concerns or challenges. SMEs should capitalize on their reduced organizational complexity by making communication and training more direct, thereby increasing the understanding and acceptance of their policies and procedures.

Nevertheless, SMEs may face resource constraints when developing content and distribution channels for their communication and training activities. To ease these burdens, SMEs may consider a variety of options:

- **Participate in supply chain training:** SMEs that are part of a larger company's supply chain may request to participate in training by that company or receive related communications. Attention should be paid to ensure that the training content is appropriate for the SMEs anti-corruption ethics and compliance programme.
- **Use free communication and training materials:** The global anti-corruption community offers a wide range of free guidelines, tools and training modules. Examples include the paper-based training tool "Resisting Extortions and Solicitations in International Transactions" (RESIST), and the e-learning course "Doing Business with Integrity," jointly developed by the UN Global Compact and UNODC.<sup>83</sup> This course consists of nine interactive sessions, each based on real-life scenarios, equipping businesses with knowledge to effectively manage corruption risks. It guides the user through topics such as gifts and hospitality, conflicts of interest, facilitation payments, third-party vetting, social investments, bid rigging and the protection of whistle-blowers.
- **Apply a train-the-trainer approach:** A small number of personnel can attend an external anti-corruption training and then in a structured way share the knowledge with internal colleagues.
- **Establish interest groups:** SMEs can collaborate with local chambers of commerce or trade unions to jointly organize training efforts.

Communication and training are often the most cost-effective ways for SMEs to support the effective implementation of their anti-corruption ethics and compliance programmes.

<sup>82</sup> V. Boris, L. Peterson, "Telling Stories: How Leaders Can Influence, Teach, and Inspire", 2017. [https://www.harvardbusiness.org/wp-content/uploads/2018/11/20681\\_CL\\_Storytelling\\_Brief\\_Nov2018.pdf](https://www.harvardbusiness.org/wp-content/uploads/2018/11/20681_CL_Storytelling_Brief_Nov2018.pdf)

<sup>83</sup> United Nations Office on Drugs and Crime, United Nations Global Compact, "Doing Business with Integrity", e-Learning Course, <https://unglobalcompact.org/academy/course-library/doing-business-integrity>

## E. REWARDING ETHICS AND COMPLIANCE

*This subchapter discusses the rewarding of ethical behaviour and compliance within a company. It highlights that positive reinforcement can enhance the effectiveness of an anti-corruption ethics and compliance programme. The subchapter discusses various strategies for rewarding personnel who demonstrate ethical behaviour, such as public recognition, financial incentives and career advancement opportunities. Given the practical issues tied to financial rewards, it may be wiser for companies to emphasize non-financial incentives to encourage compliance and ethical conduct.*

Reward schemes play a crucial role in motivating personnel and promoting behaviours that align with a company's priorities and values.<sup>84</sup> In companies that embrace transformational governance, there is an expectation to go beyond basic compliance and demonstrate ethical, social and environmental responsibility. This commitment should be clearly reflected in the structure of remuneration and incentives offered to personnel. Transformational governance requires applying an integrated approach (principle 1), ensuring that reward schemes support accountable, ethical, inclusive and transparent conduct by holistically considering all aspects of personnel behaviour when defining incentives. Transformational governance also calls for the involvement of stakeholders (principle 2) in the creation and maintenance of their reward schemes.

Applying an integrated approach and stakeholder involvement in creating and applying rewards can help create the following positive effects:

- **Avoiding unwanted effects:** An individual receiving a reward for excellent engagement in anti-corruption initiatives may create ambiguity if the same individual is known at the workplace for making racist jokes. When creating reward schemes with an integrated approach, they reflect on personnel's behaviour not only with respect to anti-corruption ethics and compliance but also with respect to other corporate governance and sustainability topics as well. This helps to reduce the risk of misuse and ambiguity.
- **Alignment with organizational culture:** When integrating various stakeholders in the creation of reward schemes, it will more likely suit the organizational culture and different organizational contexts. When employees and other stakeholders actively participate, it helps ensure that the incentives support shared values and foster a sense of ownership and commitment to ethical conduct.

### BREAKOUT BOX 2

#### SHOULD COMPANIES REWARD COMMON SENSE AND/OR ETHICAL BEHAVIOUR?

When introducing rewards for ethics and compliance, companies may face the argument that rewarding common sense or ethical behaviour is unnecessary. This argument reflects a high moral standard but ignores practical aspects and fails to account for local and cultural differences. Reward schemes can support ethical and compliant behaviour that may not be self-evident to everyone and can help foster behavioural standards and motivation. They can also reward outstanding performance and activities which support the anti-corruption ethics and compliance programme. Voluntary efforts to further develop and promote the programme should not be regarded as regular work duties and may therefore also be eligible for reward.

<sup>84</sup> M. Armstrong, S. Taylor, "Armstrong's Handbook of Human Resource Management Practice", 2014. G. T. Milkovich, J. M. Newman, B. Gerhart, "Compensation", 2016.

## » Practical implementation of reward schemes

When implementing reward schemes, companies need to define the type of rewards, set clear targets and evaluation criteria, define target groups and review existing incentive schemes.

### Step 1: Define the type of rewards

Companies can combine financial and non-financial rewards to foster anti-corruption ethics and compliance.

- **Financial rewards** for personnel can include pay increases, bonuses, promotions, gifts or vouchers, free meals in the company canteen and similar benefits.
- **Non-financial rewards** can include recognition awards for personnel, the celebration of achievements in company journals, access to executive education courses, personal acknowledgment by senior management, or peer recognition.

### Step 2: Set clear targets and objective evaluation criteria

Existing human resources policies often link financial rewards to productivity-related performance targets, such as financial goals, error reduction rates, productivity targets/benchmarks, or the number of new customers. Rewards for ethical and compliance-driven behaviour should be integrated into these human resources policies and performance evaluation processes (such as annual reviews, feedback sessions, or periodical assessments). To achieve this, performance targets concerning compliance and ethical behaviour need to be clearly defined. These targets, along with evaluation criteria and the various levels and types of incentives, should be transparent and clearly documented in human resources policies.

Reward schemes should be applied exclusively to evaluations based on objective, comparable and measurable criteria,<sup>85</sup> such as:

- Timely completion of mandatory compliance training modules;
- Test results from compliance training and demonstrated knowledge of the company's values and norms (e.g. the code of conduct);
- Participation in voluntary compliance quizzes;
- Zero findings in internal control processes, audits or compliance wrongdoing; and
- Exceptional engagement in compliance activities (e.g. serving as a compliance "ambassador/champion").

Evaluations that seek to measure criteria such as personal values, impressions or perceptions should be avoided since these relate to individual character and mindset. The evaluation of such criteria is inherently subjective and susceptible to unfairness and arbitrariness.<sup>86</sup>

### Step 3: Define specific target groups

Companies should identify reward target groups based on roles and responsibilities. For example, managers or supervisors may be evaluated by how well they encourage their teams to meet specific criteria, such as the percentage of subordinates completing compliance training within a set timeframe.

<sup>85</sup> J. Murphy, "Building Incentives in Your Compliance and Ethics Program", Society of Corporate Compliance and Ethics White Paper, 2011.

<sup>86</sup> M. Armstrong, "Armstrong's Handbook of Performance Management: An Evidence-Based Guide to Delivering High Performance", 2014.

Rewards can be offered to individuals as well as to teams, groups, or departments. For example, companies can recognize internal departments that have performed well against compliance key performance indicators (KPIs). These KPIs may include metrics such as the time needed to complete mandatory training plans, reading and acknowledging compliance policies, and performing compliance controls without any findings, etc. Rewarding the behaviour of teams and groups can be beneficial as it increases individual awareness of colleagues' conduct and fosters peer pressure. Simultaneously, it can enhance team building by establishing shared goals that teams can achieve through mutual motivation and commitment.<sup>87</sup>

#### Step 4: Define amendments required to existing reward schemes

Amendments to existing reward schemes may be necessary if adherence to the anti-corruption ethics and compliance programme results in "unbalanced" rewards. Such imbalance may arise when productivity-based reward schemes create performance pressures that make it difficult to observe ethics and compliance. To mitigate this risk, companies should design the reward scheme with an integrated approach, which means that financial rewards should appraise both performance results and business practices.

#### » Practical challenges and good practice advice

Rewarding ethical behaviour presents several practical challenges and raises controversial questions. The provision of rewards for ethical behaviour may even have counterproductive and negative effects. Therefore, companies that consider using rewards to strengthen the values and norms of their anti-corruption ethics and compliance programme should carefully consider and address the following potential unwanted effects.

- **Balancing performance targets and rewards:** Reward schemes must include strong controls to prevent misuse, especially when rewards are substantial. Rewards should be meaningful but not excessive; too little can demotivate, while too much may cause personnel to focus solely on targets. Choosing appropriate and proportionate rewards is essential for success.
- **Reducing intrinsic motivation:** Studies by behavioural economists suggest that financial rewards can decrease the intrinsic motivation of individuals to be honest and to "do good."<sup>88</sup> This effect is lower for non-financial forms of appraisals.<sup>89</sup> If companies still choose to create financial rewards for ethical behaviour, it is important that the reward scheme is complemented by appropriate disciplinary measures (see chapter III. H.).
- **Unequal opportunities:** It is critical that the reward scheme is not perceived as unfair by personnel and business partners. Equal opportunities should be provided to engage in the anti-corruption ethics and compliance programme and to receive recognition. Schemes that are perceived as unfair or those limited to high-profile positions can lead to counterproductive effects.

<sup>87</sup> E. E. Lawler, "Reward Practices and Performance Management System Effectiveness", 2003. J. R. Hackman, "Leading Teams: Setting the Stage for Great Performances", 2002.

<sup>88</sup> B. Le Maux, D. Masclet, S. Necker, "Monetary Incentives and the Contagion of Unethical Behavior", ZEW Discussion Papers, No. 21-025, 2021. <https://www.econstor.eu/bitstream/10419/231415/1/1750570823.pdf>. D. Ariely, A. Bracha, S. Meier, "Doing Good or Doing Well? Image Motivation and Monetary Incentives in Behaving Prosocially", American Economic Review, 99(1), 544–555, 2009. R. Benabou, J. Tirole, "Incentives and Prosocial Behavior", American Economic Review, 96(5), 1652–1678, 2006.

<sup>89</sup> "Rethinking Rewards", Harvard Business Review, 71(6), 37, Nov/Dec 1993. A. Kohn, "Why Incentive Plans Cannot Work", Harvard Business Review, 71(5), Sep/Oct 1993.

- **Rewarding whistle-blowers:** The reason for rewarding persons who report acts of corruption is to encourage personnel and external parties to act when witnessing an infringement of the company's policies by a colleague or business partner. Individuals may refrain from reporting due to fear of retaliation. Of course, protection of whistle-blowers is key to reducing such fears (see chapter III. G.). Rewarding whistle-blowers can help shape a culture that protects whistle-blowers not only from formal but also informal retaliation such as harassment and negative treatment among colleagues. However, rewarding whistle-blowing also carries risks. It may lead to personnel turning against one another by making false claims and could decrease trust and morale among personnel and business partners, hence the importance of reporting in good faith and on reasonable grounds. Companies that choose to reward whistle-blowers should carefully analyse potential side effects, involve personnel and other stakeholders in the risk assessment and define appropriate incentives.

Providing rewards for compliant and ethical behaviour involves risks that should be considered and addressed by companies implementing such programmes. These risks may be lower with non-financial rewards, such as appraisal by colleagues, the anti-corruption ethics and compliance practitioners or line managers. This form of reward can be less formal and bears a lower risk of abuse, unintended effects and perceptions of unfairness.

#### » **Considerations for small and medium-sized enterprises (SMEs)**

Promoting and rewarding anti-corruption ethics and compliance is just as important in SMEs as it is in large companies. However, offering financial rewards may place a significant financial burden on SMEs. To address this concern, SMEs can focus on providing non-financial rewards for ethical and compliant behaviour. Due to their smaller workforce, SMEs often enjoy a higher degree of familiarity and stronger personal relationships than large, multinational companies. Therefore, non-financial incentives can be more effective in recognizing ethical and compliant behaviour. The emphasis on non-financial rewards can also reduce the need for financial and operational controls and minimize bureaucracy in the reward process.

The smaller number of personnel also makes it easier for senior management to express appreciation informally. This lower degree of formality can have a stronger effect on personnel as the reward is not perceived as a routine procedure but rather as sincere and genuine recognition. Additionally, the limited size of the workforce allows personnel to be more involved in defining types of rewards, making the reward scheme more engaging and appealing.

If non-financial rewards are used to promote ethical and compliant behaviour, consideration should be given to whether they are balanced with the rewards provided for performance. An overly strong emphasis on financial rewards for performance may undermine the perceived value of non-financial rewards for compliance.

## F. CHECKS AND BALANCES

*This subchapter discusses the importance of robust checks and balances within a company to ensure ethical conduct and compliance with anti-corruption measures. Checks and balances consist of accurate books and records, internal controls, monitoring and internal (external) audits.*

Anti-corruption ethics and compliance programmes should be grounded in a company's ethical culture and supported by mutual trust. However, relying solely on trust can expose companies to risks like legal penalties from individual misconduct. Even with strong values, incidents of non-compliance may occur. Checks and balances are essential to ensure compliance, manage risks, protect assets and uphold policies.

The transformational governance approach advocates for senior management to ensure a holistic governance of policies, processes and procedures. This also includes establishing and maintaining effective checks and balances to prevent and detect corruption as well as other forms of misconduct (e.g. money-laundering, terrorist financing, fraud). Checks and balances are therefore not only a means of reducing the risk of non-compliance, but also a way to support management's responsibility to safeguard a company's assets and protect its personnel and business partners from potential negative consequences that otherwise might be overlooked. Taking an integrated approach and involving stakeholders when creating and maintaining checks and balances creates positive effects:

- **Greater efficiency and effectiveness:** checks and balances should not only address anti-corruption but also other corporate governance and sustainability risks, including fraud and illicit financial flows, as these issues are often closely connected to anti-corruption. By integrating controls for multiple risk areas, companies can boost their resilience and increase efficiency in performing controls.
- **Understanding and acceptance in the company:** Involving stakeholders in developing checks and balances ensures these measures are collaboratively designed with the relevant areas of the company, fostering greater acceptance and understanding. This collaborative approach also enables stakeholders to contribute their unique perspectives and expertise, resulting in more robust and effective controls.

### » Practical implementation of checks and balances

Checks and balances must be balanced as too many controls can hinder culture and efficiency, while too few may increase vulnerability to corruption. Companies are advised to create checks and balances in four steps.

#### Step 1: Ensure accurate books and records

Checks and balances require the maintenance of accurate books and records which form the foundation for effective internal controls.<sup>90</sup> These documents are also important to provide evidence in case weaknesses or irregularities are identified.

The term "books and records" does not refer only to the documentation of financial transactions (although this is of utmost importance, as described below). It also includes other related records that

<sup>90</sup> Committee of Sponsoring Organizations of the Treadway Commission (COSO), "Internal Control – Integrated Framework", 2013.

document business relations or activities such as contracts or delivery receipts.<sup>91</sup> A company should have a clear policy and supporting procedures (including internal controls) for maintaining accurate books and records. These should include the following elements:

- All transactions, assets and liabilities should be accurately and fairly reflected in the company's books and records, described in reasonable detail and supported by original documentation.
- All transactions should be recorded exclusively in the company's official books. Off-the-books accounts should be strictly prohibited.
- Transactions, assets and liabilities should be recorded promptly and in chronological order.
- Books and records must be safeguarded to prevent intentional or unintentional destruction, improper or unauthorized alterations or disclosures.
- Books and records should not be destroyed before the expiry of any legally mandated retention period.
- Every transaction should be consistently recorded from origin to completion.
- Transactions should have a genuine, legitimate purpose.
- Electronic records should be kept in a non-erasable and non-rewritable format, be well organized and be readily accessible for reproduction or review.

Corrupt payments are often made from bank accounts or cash reserves that are not documented in a company's financial books and records (i.e. off-the-books accounts). Cash inflows and outflows should therefore be seen as a risk area and mitigated through proper books and records policies, supported by procedures such as internal controls for payment reconciliations and checks on transactions involving tax havens.

Article 12(3) of the United Nations Convention against Corruption highlights the importance of maintaining books and records to prevent corruption by prohibiting a variety of acts such as the establishment of off-the-books accounts, the recording of non-existent expenditure and the use of false documents. Books and records should be available for inspection by the Board of Directors or a corresponding body, as well as by internal and external auditors. Internal and external auditors may also scrutinize the company's bank accounts and the relations between company representatives and bank representatives (to assess potential conflicts of interests).

## Step 2: Set up internal controls

Internal controls can be understood as procedures and practices designed to prevent, detect, and respond to issues, errors and irregularities. They are often transaction-based checks that ensure compliance with anti-corruption standards in every single transaction<sup>92</sup> (e.g. the four-eyes principle).

Controls should be integrated into core business processes. They seek to prevent as well as detect corruption by ensuring adherence to compliance requirements.<sup>93</sup>

**Prevention controls** aim to restrict or deter incidents of corruption from occurring. Examples include:

- approval limits;

91 Committee of Sponsoring Organizations of the Treadway Commission (COSO), "Internal Control - Integrated Framework", 2013.

92 R. Batts, "Quick Guide 24: Internal Controls and Anti-Corruption", Basel Institute on Governance, 2022.

93 Defining internal controls needs to be based on the identified risks during the overall risk assessment or due diligence activities (e.g. selection of business partners). The identified risks provide the basis to define control objectives and the actual control activities, which need to be executed. Risks, control objectives and derived control activities should be clearly defined, documented and assigned to a process owner to assess status, performance and identify improvement opportunities.

- separation of responsibilities (e.g. invoice approval separated from payment release); and
- restricted access to sensitive business activities (e.g. supplier approval).

**Detection controls** seek to identify weaknesses and irregularities after the activities have been carried out. An example is the monitoring of duplicate or split payments to the same vendor, helping to identify overpayments or attempts to circumvent approval limits.

Addressing corruption risks often requires a combination of prevention and detection controls. For example, restrictions on exceeding payment limits (prevention control) can be complemented by checks of bank account information during monthly closings (detection control).

Internal controls can either be executed manually (e.g. counting physical inventory) or automatically (e.g. computer-based access controls). Controls that are based on information technology (IT) and are automatic have various advantages as they:

- help minimize human error;
- reduce the time and administrative burden associated with manual, paper-based controls;
- support consistent and comprehensive documentation; and
- generate data that can be used for analytics, enhancing monitoring efforts.

### Step 3: Engage in monitoring

Monitoring refers to the oversight of the anti-corruption ethics and compliance programme, including its internal controls, to ensure they are carried out effectively.<sup>94</sup> As part of the overall anti-corruption ethics and compliance programme, internal controls and monitoring help ensure that anti-corruption policies and procedures are executed as intended by senior management. Monitoring refers to a systematic approach to ensure a company meets established guidelines and standards such as internal policies, procedures, or external legal requirements. This includes reviewing the progress of anti-corruption ethics and compliance measures such as policy implementation, training and testing internal controls to ensure their continuous effectiveness.

Compliance monitoring has evolved significantly in recent years due to technological advancements. Automation, artificial intelligence and data analytics have improved traditional monitoring processes, making them more efficient and accurate (see chapter VI.). These technologies allow companies to monitor compliance in real time, quickly identify discrepancies and implement corrective actions before issues escalate. Monitoring exercises also provide important insights into the effectiveness of anti-corruption ethics and compliance programmes as further discussed in chapter III. J.

### Step 4: Perform internal audits

The internal audit department (and external auditors) should periodically evaluate the reliability of books and records, internal controls and monitoring exercises. The internal audit function operates independently and is sometimes also referred to as the “third line of defence” within the company.<sup>95</sup> Its main objective is to review the effectiveness, efficiency and balance of the company's established organizational measures and controls. The independence of the internal audit department is fundamental to enabling an objective and reasonable evaluation of the company's checks and balances. Findings from internal audits should be reported to the board of directors (or to the audit committee).

<sup>94</sup> Committee of Sponsoring Organizations of the Treadway Commission (COSO), “Internal Control – Integrated Framework”, 2013.

<sup>95</sup> Committee of Sponsoring Organizations of the Treadway Commission (COSO), “Internal Control – Integrated Framework”, 2013. K. H. S. Pickett, “The Internal Auditing Handbook”, 2010.

### » Practical challenges and good practice advice

As mentioned at the beginning of this chapter, there must be a balance between trust and controls. On the one hand, the anti-corruption ethics and compliance function aims to establish partnerships within the company based on trust, and to be seen as an enabler rather than solely a control function. However, the execution of controls by the compliance function can contradict this approach. One solution is to separate responsibilities within the compliance function, distinguishing between roles focused on business partnering and those responsible for executing checks and balances. Certain anti-corruption ethics and compliance practitioners can be designated to act as “consultants,” providing guidance, while others may be assigned to conduct controls and investigations. Additionally, it may be beneficial to provide dedicated education to stakeholders on the importance of checks and balances, helping to counteract any negative perceptions associated with controls.

A significant challenge with implementing internal controls relates to the definition of effective preventive or detective controls on conflicts of interest. Disclosure policies often fall short when personnel choose not to report key information relating to potential conflicts of interest. To mitigate this risk, personnel can be requested to submit annual attestations confirming that they have declared all potential conflicts of interest. Additionally, comprehensive education on the nature of these conflicts and the importance of transparency is beneficial. Involving multiple departments in business decision-making processes that may involve conflict-of-interest risks (such as procurement or recruitment) can further reduce the likelihood of undetected conflicts of interest. This approach enhances scrutiny and benefits from diverse perspectives.

Effective controls and monitoring rely on high-quality information technology and meaningful data. In large companies with a heterogeneous IT landscape, diverse or non-integrated systems can make data extraction challenging. It is important to establish a clear business case for an advanced information technology solution. Securing support from senior management is also crucial to ensure successful adoption and integration.

### » Considerations for small and medium-sized enterprises (SMEs)

SMEs should also have policies and procedures in place for maintaining books and records to reduce the risk of corruption and should implement internal controls and monitoring mechanisms.

Due to limited human and financial resources, SMEs may find it difficult to ensure the effectiveness and efficiency of these measures. For example, it may be challenging for SMEs to recruit individuals with the required financial expertise or technical skills to establish and maintain internal controls and accurate books and records. If SMEs are not subject to external regulations on internal controls or recordkeeping, senior management may be more likely to override existing policies and procedures. Limited time and resources often result in less formal and consistent documentation, especially for organizational measures such as policies and role descriptions.<sup>96</sup>

Another challenge for SMEs in implementing checks and balances may stem from the centralization of responsibilities and the difficulty of separating responsibilities. This not only affects day-to-day

<sup>96</sup> Committee of Sponsoring Organizations of the Treadway Commission, “Internal Control over Financial Reporting — Guidance for Smaller Public Companies”, 2006.

business activities, but also the overall implementation and oversight of the compliance programme. Since SMEs are often led by a single central management team, the effectiveness of the internal controls primarily relies on the commitment and support of senior management.

A stringent risk-based approach can help reduce the burden on SMEs by focusing on the effective and efficient implementation and execution of internal controls. For example, the company may assign a resolute manager to approve and review critical transactions and business activities (based on identified risk thresholds). Another option is the use of automated control systems to execute routine checks and balances. Although these systems may require an initial investment, they may allow for long-term cost savings by enabling continuous control activities. Automation also allows for a wider application of controls, reducing the likelihood of undetected discrepancies in sample audits.

One advantage that SMEs have due to their reduced organizational complexity and closer relationships among personnel and business partners is that they may find it easier to detect wrongdoers. Closer interactions and a higher degree of interpersonal transparency can lead to stronger social control.<sup>97</sup>

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<sup>97</sup> J. S. Coleman, "Foundations of Social Theory", 1990.

## G. DETECTING WRONGDOING AND WHISTLE-BLOWING PROGRAMME

*This subchapter outlines the importance of detecting wrongdoing and having a robust whistle-blowing programme. A trustworthy whistle-blowing programme encourages personnel to report wrongdoing without fear of retaliation and ensures confidentiality. Additionally, it outlines the necessity of having a structured response and investigation process to address reported wrongdoing.*

Detecting and professionally investigating wrongdoing are central elements of an effective anti-corruption ethics and compliance programme. As noted in the previous chapter, no company - regardless of the strength of its ethical culture - is immune to individual wrongdoing. This underscores the need for companies to establish effective mechanisms for detecting and addressing wrongdoing. Wrongdoing can be detected through various sources such as internal controls, monitoring, internal or external audits, ombudsman services, exit interviews of departing personnel, complaints from external parties, or reporting mechanisms, also referred to as whistle-blowing. Whistle-blowing can be defined as the disclosure of information about actual or potential wrongdoing in the company to individuals or bodies believed to be able to act.<sup>98</sup>

Transformational governance advocates for a holistic and proactive approach to detecting wrongdoing. Translating this into practice with the principles outlined in chapter II, it means that:

- Whistle-blowing programmes should be inclusive and enable the reporting of any type of wrongdoing, rather than only corruption-related violations.
- The detection of wrongdoing can only work effectively if stakeholders have trust in the whistle-blowing programme. This implies the protection of whistle-blowers but also the overall perception of fairness applied in the process.
- The whistle-blowing programme is accessible to external parties to allow any stakeholder to report wrongdoing.

### BREAKOUT BOX 3

#### THE IMPORTANCE OF WHISTLE-BLOWERS

Whistle-blowers are recognized as an important source for detecting wrongdoing, particularly in cases of corruption, which often involve complex schemes designed to obscure evidence. Reports from whistle-blowers can be highly valuable in combating corruption as they typically come from insiders who can provide information that may not be detected or available through the company's internal control systems. While such information may not always constitute direct evidence, it may provide an indication of wrongdoing and prompt organizational authorities to launch an investigation. Whistle-blowing, or the reporting of wrongdoing by personnel or business partners, is by far the most common method of detecting wrongdoing. In 2022, over 40% of wrongdoing in companies was identified through whistle-blower reports, compared to less than 5% detected

<sup>98</sup> This definition has been derived from the definition proposed by Transparency International, "Alternative to Silence - Recommended Principles," 2007.

via internal controls.<sup>99</sup> The prevalence of whistle-blowing is expected to increase further, driven by the growing number of legal frameworks that protect and incentivize whistle-blowers, such as the EU Whistleblower Protection Directive. One key driver of this development is article 33 of the United Nations Convention against Corruption as well as resolution 10/8,<sup>100</sup> which requires States Parties to implement legislation to protect reporting persons. UNODC has also developed a range of activities and knowledge products to support countries in strengthening their whistle-blower protection systems.<sup>101</sup>

The detection of wrongdoing through internal sources helps avoid possible negative consequences, such as reputational damage resulting from public reports of corruption. A study conducted in China shows that internal whistle-blowing positively affects a firm's social performance and enhances the positive effect of corporate social responsibility on financial performance.<sup>102</sup> This suggests that companies should actively encourage whistle-blowers to report concerns internally and to promote such reporting and the protection of whistle-blowers as part of the whistle-blowing programme.

### » Practical implementation of a whistle-blowing programme

A whistle-blowing programme refers to a structured system and procedures related to internal whistle-blowing designed to foster the trust of personnel and encourage them to report any suspected wrongdoing internally.

#### Step 1: Define the scope

A whistle-blowing programme should not be limited to the reporting of incidents with respect to potential corruption incidents. Rather, the programme should be set up with an integrated approach (see principle 1 of transformational governance) to allow for reporting on a wide range of wrongdoing and behaviours that are not in line with the company's corporate governance and sustainability standards. This acknowledges the fact that whistle-blowing is a powerful tool not only to curb corruption but also other sorts of wrongdoing such as internal fraud, money laundering, harassment, abuse of authority and discrimination. The whistle-blowing programme should provide a safe-haven for personnel to raise anything they consider to be inconsistent with legal requirements, internal policies, or organizational values.

Companies should define whether complaints and conflicts should also be reported within the scope of the whistle-blowing programme. Usually, companies have a separate complaint and conflict management process in place. Especially for companies that are setting up a whistle-blowing programme for the first time, it is recommended to keep complaints and conflicts out of the whistle-blowing programme's scope.

99 Association of Certified Fraud Examiners, "Occupational Fraud 2022: A Report to the Nations", 2023. <https://www.acfe.com/-/media/files/acfe/pdfs/rtnn/2022/2022-report-to-the-nations.pdf>

100 Resolution 10/8, "Protection of Reporting Persons", The Conference of the States Parties to the United Nations Convention against Corruption. <https://www.unodc.org/corruption/en/cosp/conference/session10-resolutions.html#Res.10-8>

101 United Nations Office on Drugs and Crime, "Thematic Area: Whistle-Blower Protection", <https://www.unodc.org/corruption/en/learn/thematic-areas/whistle-blower-protection.html>. United Nations Office on Drugs and Crime, "Speak Up for Health! Guidelines to Enable Whistle-Blower Protection in the Health-Care Sector", 2021. [https://www.unodc.org/documents/corruption/Publications/2021/Speak\\_up\\_for\\_Health\\_-\\_Guidelines\\_to\\_Enable\\_Whistle-Blower\\_Protection\\_in\\_the\\_Health-Care\\_Sector\\_EN.pdf](https://www.unodc.org/documents/corruption/Publications/2021/Speak_up_for_Health_-_Guidelines_to_Enable_Whistle-Blower_Protection_in_the_Health-Care_Sector_EN.pdf)

102 X. Lin, A. Li, Y. Xu, Z. Ding, "Does Internal Whistleblowing Build More Socially Responsible Firms?", *International Review of Economics & Finance*, 86, 2023.

## Step 2: Clarify responsibilities

A dedicated function — such as compliance, audit, legal, or security — should be assigned responsibility for establishing and maintaining the whistle-blowing programme in close collaboration with all relevant stakeholders. This function should include a specialized unit for investigations. The investigating unit must have a formal mandate from senior management for all investigation phases. To maintain independence, its members should not hold other roles or responsibilities.

## Step 3: Establish reporting channels

The reporting of wrongdoing may be a sensitive subject due to cultural, legal and political reasons (e.g. whistle-blowers may be perceived as traitors or informants).<sup>103</sup>

### BREAKOUT BOX 4

#### GENDER & WHISTLE-BLOWING

Whistle-blower protection mechanisms should consider gender dynamics that may impact equal participation in reporting wrongdoing by both women and men because of gender-specific challenges that female whistle-blowers face.<sup>104</sup> Transparency International's Global Corruption Barometer (GCB) data shows that women tend to report corruption less often than men, although women tend to condemn corruption behaviour more. The disparity is linked to women's elevated fear of retaliation and a decreased confidence in the impact of their reports.<sup>105</sup>

To create reporting mechanisms that are inclusive, gender-sensitive and sensitive to the social perception of whistle-blowing, companies need to enable a variety of reporting channels. It should be communicated clearly that personnel can choose the reporting method they feel most comfortable with.

- **Line managers** are usually advised to serve as the first point of contact for internal reports. This implies that line managers should receive dedicated training on the whistle-blowing programme and should be sensitized to gender differences as outlined above. They should understand the importance of confidentiality and non-retaliation principles when dealing with a report. Furthermore, they need to be trained on the difference between reports on grievances (e.g. complaints about working conditions) and reports on potential wrongdoing.
- **Human resources departments**, the works council and all corporate governance and sustainability functions may receive reports on potential wrongdoing. Companies should ensure the strong collaboration of these functions in the setup of the whistle-blowing programme. Like line managers, all functions defined as potential channels for reporting wrongdoing require training on how to appropriately handle the reports they receive.
- **Internal reporting hotline or online portal** are internal reporting systems that are usually provided or supported by external vendors. Companies should implement a reporting system that also allows for anonymous reports, providing additional protection to whistle-blowers. The reporting system should also be available to external persons. Wrongdoing may not only be detected by

<sup>103</sup> Transparency International, "Alternative to Silence — Recommended Principles", 2007.

<sup>104</sup> I. Chalouat, C. Carrión-Crespo, M. Licata, "Law and Practice on Protecting Whistle-Blowers in the Public and Financial Services Sectors", International Labour Office (ILO), 2019.

<sup>105</sup> U4 Anti-Corruption Resource Centre, "Gender Sensitivity in Corruption Reporting and Whistleblowing", 2020. <https://www.u4.no/publications/gender-sensitivity-in-corruption-reporting-and-whistleblowing.pdf>

internal personnel but also by customers, suppliers, or other stakeholders. Externals should receive enough information to clearly distinguish the reporting system from a complaints hotline.

#### Step 4: Ensure non-retaliation

A key criterion for the whistle-blowing programme to be effective is that personnel, directors and business partners can report in confidence and without risk of retaliation. Companies need to address the risk of retaliation that whistle-blowers can face from their colleagues, peers, or superiors. Studies have revealed that the fear of retaliation, which could take the form of job loss, isolation, harassment by peers or restrictions on conditions and access in the workplace, is the main reason for potential whistle-blowers, especially women, to stay silent.<sup>106</sup> To alleviate the fear of retaliation, companies should implement the following measures:

- **Whistle-blowing policy:** Companies can encourage reporting by establishing a clear policy and clear procedures guiding the whistle-blowing process. Such a policy should explicitly state that no worker, director, or business partner will suffer discrimination, dismissal, or any other form of retaliation due to the lawful reporting of wrongdoing.
- **Leadership and organizational culture:** Building trust in whistle-blowing and reducing the fear of retaliation is also greatly dependent on the support of senior management and the organizational culture. In line with ethical leadership (see chapter III. A.), senior and middle management should actively communicate and demonstrate the non-retaliation principle in their own actions and decisions. Organizational culture must reflect the importance of strong psychological safety by upholding the values of open communication and a positive view of errors and failures.
- **Confidential and timely handling of reports:** A clear communication that the reporting of wrongdoing is expected and protected should be accompanied by the actual protection of whistle-blowers and their information. Anti-corruption ethics and compliance practitioners must ensure that trust in whistle-blowing is generated throughout the company and that every report is taken seriously and handled confidentially. The identity of whistle-blowers must always be kept confidential at every stage of the investigation.
- **Active protection of whistle-blowers:** Where the identity of the whistle-blower becomes known and they become subject to any form of retaliation by colleagues or managers, the company must actively protect whistle-blowers and engage in disciplinary actions against those who retaliate (see chapter III. H.). Additional protective measures may be required such as internal transfer to another position or financial compensation.

#### Step 5: Implement a formal process for managing incoming reports

If individuals feel that raising concerns leads to no action, they may be less inclined to report problems in the future or might decide to share their issues outside the company. To establish trust and encourage reporting of incidents, companies are advised to set up a formal internal process that includes the following three stages:<sup>107</sup>

<sup>106</sup> I. Kubbe, O. Merkle, "Breaking the Silence: Gender, Corruption and Intersectionality in Whistle-Blowing Cases", Forum on Crime and Society, 11, 2025.

<sup>107</sup> The stages have been derived from the following guidance document: United Nations Office on Drugs and Crime, "Speak Up for Health! Guidelines to Enable Whistle-Blower Protection in the Health-Care Sector", 2021. [https://www.unodc.org/documents/corruption/Publications/2021/Speak\\_up\\_for\\_Health\\_-\\_Guidelines\\_to\\_Enable\\_Whistle-Blower\\_Protection\\_in\\_the\\_Health-Care\\_Sector\\_EN.pdf](https://www.unodc.org/documents/corruption/Publications/2021/Speak_up_for_Health_-_Guidelines_to_Enable_Whistle-Blower_Protection_in_the_Health-Care_Sector_EN.pdf)

**1. Initial assessment:** When receiving a report on potential wrongdoing, the whistle-blower should receive a timely response that acknowledges the receipt of the report in writing. Subsequently, the report should be recorded and analysed in a systematic manner. This analysis should clarify whether the report refers to an incident that is in scope of the whistle-blowing programme, whether it appears to have been made in good faith and whether it relates to an incident that requires immediate action. The analysis should identify any additional information or documentation required. The investigation plan must outline the steps necessary to obtain this information and documentation. Additionally, it should address the importance of maintaining confidentiality for whistle-blowers.

**2. Investigation:** To assess whether the allegations raised are correct, the individuals or unit responsible for investigations should gather pertinent information by reviewing relevant documentation. Investigations also involve interviews and consultations with the persons involved. Investigators must be duly and professionally trained to conduct such interviews and should act with a high level of independence and impartiality. To minimize potential interference, investigators should not be assigned additional job roles or responsibilities. If this is not feasible for companies or if full independence cannot be guaranteed in specific cases, companies are advised to outsource the investigation.

During the investigation, investigators should not only seek an understanding of the individual responsibility of personnel regarding the incident but should take a broader view of contextual factors that allowed for the incident to arise. This is crucial to enable a root cause analysis (see chapter III. H.)

**3. Addressing the wrongdoing and closing the case:** If the investigation shows that the wrongdoing is substantiated, the wrongdoing should be addressed (see chapter III. H.). The case should be closed with a written report. All documents and data should be safely stored, and the whistle-blower should be informed about the closure of the case.

To further build trust in the process, companies should also ensure the following:

- **Ensure process transparency** by formally mapping the procedure, clearly defining each step, responsibility, and departmental interaction. The process should be thoroughly reflected in a document accessible to all stakeholders.
- **Communication and training** on the whistle-blowing programme are key to establishing and maintaining trust. Communication and training need to provide an explanation of the process for managing reports and should be integrated into the anti-corruption ethics and compliance communication and training plan (refer to chapter III. D.).
- **Comply with data privacy regulations** and uphold strict confidentiality to demonstrate professionalism and safeguard whistle-blowers—share information strictly on a need-to-know basis.

## » Practical challenges and good practice advice

In some cases, it may be difficult for investigators to define whether wrongdoing has really taken place. This may be caused by insufficient evidence, unclear procedures or by a lack of meaningful monitoring. Also, reports on discrimination and harassment are often connected to an underlying conflict within

teams or between line managers and personnel. In such cases, it may be difficult to assess whether the underlying conflict led to misunderstandings and difficulties in the communication between personnel which ultimately result in the report being raised. Companies that have a proactive approach to conflict resolution and provide dedicated support functions (e.g. ombudsman, conflict resolution team, conflict management training for line managers) tend to manage this challenge more effectively.

Second, it may be challenging to respond to reports in a timely fashion as the number may fluctuate in line with the level of corporate activities. This challenge is especially prevalent in companies where the internal investigation team is not adequately staffed. If internal resources are insufficient to respond to reports in an adequate time frame, the company should consider external support. When external costs exceed internal resource costs, companies may assign personnel to investigations and temporary projects that can be paused during high investigation volumes.

#### » **Considerations for small and medium-sized enterprises (SMEs)**

SMEs should seek to promote the detection and reporting of wrongdoing as vigorously as large, multinational companies do. SMEs may not have sufficient resources to establish their own independent investigation team. For serious cases, SMEs may choose to engage external support for investigations. SMEs can also make use of publicly available model whistle-blowing policies and tools (see Resource Box 6). SMEs may also use ISO 37002 as guidance, as it provides international guidance on how to implement, evaluate, maintain and improve robust whistle-blowing management systems. The UNODC “Speak up for health! Guidelines to enable whistle-blower protection in the healthcare sector” provide practical and detailed guidance on the creation of a professional and inclusive investigation process that ensures the protection of whistle-blowers and that can also be relevant to the private sector.<sup>108</sup>

The detection of incidents may rely more on self-reports or on external parties. This may increase the need for SMEs to establish a strong organizational culture based on trust and integrity, requiring even greater emphasis on ethical leadership.

Due to their smaller number of personnel, SMEs may have an advantage in detecting wrongdoing. The higher level of social control in this environment may decrease the risk of wrongdoing and increase the probability that wrongdoing is detected.

### **RESOURCE BOX 6**

#### **MODEL WHISTLE-BLOWING POLICY**

UNODC provides a model whistle-blowing policy which SMEs may use as a template for their own internal policy. Of course, companies should adapt the model policy to their own corporate values and their individual purpose. The model policy can be accessed here: [https://businessintegrity.unodc.org/bip/uploads/documents/resources/Model\\_Speak\\_up\\_Policy.pdf](https://businessintegrity.unodc.org/bip/uploads/documents/resources/Model_Speak_up_Policy.pdf).

<sup>108</sup> United Nations Office on Drugs and Crime, “Speak Up for Health! Guidelines to Enable Whistle-Blower Protection in the Health-Care Sector”, 2021, [https://www.unodc.org/documents/corruption/Publications/2021/Speak\\_up\\_for\\_Health\\_-\\_Guidelines\\_to\\_Enable\\_Whistle-Blower\\_Protection\\_in\\_the\\_Health-Care\\_Sector\\_EN.pdf](https://www.unodc.org/documents/corruption/Publications/2021/Speak_up_for_Health_-_Guidelines_to_Enable_Whistle-Blower_Protection_in_the_Health-Care_Sector_EN.pdf)

## H. ADDRESSING WRONGDOING INTERNALLY AND EXTERNALLY

*This subchapter outlines the mechanisms for addressing wrongdoing. It discusses the importance of disciplinary and remedial actions as two complementary ways to address wrongdoing internally. It also highlights the importance of addressing wrongdoing externally by cooperative engagement with law-enforcement authorities.*

How a company responds to wrongdoing by disciplinary and remedial actions is an important element in ensuring the effectiveness and credibility of an anti-corruption ethics and compliance programme. Just as the rule of law requires enforcement, company policies and procedures require corrective actions when not adhered to. How a company addresses wrongdoing determines the credibility of its internal policies, processes and values, including those related to the anti-corruption ethics and compliance programme.

In some cases, internally detected wrongdoing must be referred to external law enforcement authorities and/or other related parties (e.g. contractual business partners). Proactively notifying external authorities of wrongdoing may result in favourable treatment, such as the mitigation of fines. Companies should also consider the national legal and regulatory framework when deciding whether to report wrongdoing to external authorities. While there may be no specific legal obligation to report wrongdoing to authorities (e.g. law enforcement agencies), States Parties to the United Nations Convention against Corruption should encourage companies to report criminal offences to relevant authorities (article 39).<sup>109</sup>

Transformational governance advocates for proactive and early cooperation with authorities, especially when internal wrongdoing relates to anti-corruption or human rights violations such as child labour, forced labour or human trafficking. The role of companies in the prevention, detection and prosecution of actors involved in typically complex and covert corrupt practices cannot be underestimated. Anti-corruption authorities benefit from cooperation with companies in that they can learn how the corrupt act occurred, how it was initially covered up and how it was ultimately uncovered, thereby enhancing the effectiveness of future investigations.

### » Practical implementation of disciplinary and remedial actions

The following steps are recommended to ensure the implementation of fair, balanced and adequate corrective actions.

#### Step 1: Define responsibilities and procedures

Companies should set up formal and transparent procedures that clearly define responsibilities for proposing and implementing disciplinary and remedial actions.

- **The role of the legal, human resources and anti-corruption ethics and compliance function** should be clearly outlined. It should be transparent which functions have an advisory role, and which are ultimately responsible for deciding the appropriate disciplinary action.
- **In line with the notion of transformational governance**, disciplinary procedures should be aligned with organizational justice and due process. Accordingly, the formal procedures should specify

<sup>109</sup> United Nations Office on Drugs and Crime, "Technical Guide for the Implementation of the United Nations Convention against Corruption", 2009.

which processes and regulations are to be observed during the investigation (e.g. data protection rights, labour laws).

- **All incidents should be documented** to facilitate future monitoring (including improvement activities) and to enhance communication and training. Documentation also enables comparisons across departments, regions, or even with external parties. Relevant records may include the source of the information, to whom it was reported within the company and how these individuals responded to the incident.

## Step 2: Design and implement appropriate disciplinary actions

Disciplinary actions address individual responsibility in cases of wrongdoing, aiming to correct behaviour and deter future wrongdoing. Any breach of anti-corruption standards, however minor, should be addressed to uphold zero tolerance and show all violations are unacceptable. Allowing minor breaches may suggest that only major violations are important and may create uncertainty about company standards. The following types of disciplinary actions are typically applied, ranked according to the level of severity:

- Additional, dedicated training assigned to the wrongdoer;
- Verbal reprimand by the line manager;
- Lower performance rating;
- Written reprimand by the line manager;
- Reduced financial reward (e.g. lower or no bonus);
- Formal reprimand (warning letters);
- Demotion;
- Suspension;
- Termination of employment contract; and
- Request for compensation payment.

Personnel should be made aware that disciplinary actions may be imposed for any type of wrongdoing, including violations of the company's anti-corruption policies and procedures. Wrongdoing includes any form of retaliation against whistle-blowers and should also be subject to disciplinary actions. Communication regarding disciplinary actions should inform personnel that, in addition to internal disciplinary measures, individuals may also be subject to criminal prosecution if a criminal offence is committed.

The following factors should be considered when determining appropriate measures:

- **Disciplinary actions should be consistent with applicable legal requirements.** They should comply with applicable laws (such as labour legislation), and respect the terms and conditions stated in the employment contract. Some personnel may seek legal actions against the company when disciplinary actions are perceived as unfair. Therefore, the robustness of the evidence and the strength of the company's arguments should be reflected in the disciplinary action.
- **Disciplinary actions should be relevant and proportionate.** Measures that are too lenient may fail to serve their intended purpose, while overly severe actions risk being perceived as unfair or draconian. This may negatively affect the company culture and undermine the effectiveness of the whistle-blowing programme. Ideally, companies should establish objective criteria to guide the determination of relevant and proportionate disciplinary actions. These criteria should enable:

- Assessment of the severity of the wrongdoing (e.g. scale, scope, whether it was an attempted or completed act);
  - A clear link between the severity of the wrongdoing and the disciplinary sanctions (e.g. the violator's disciplinary history, including past misconduct or disregard for other policies and procedures); and,
  - Consideration of mitigating factors for self-reporting (e.g. reduction of sentence or participation in an amnesty programme).
- **Disciplinary actions should be applied consistently.** While some criteria must be reflected in the determination of appropriate disciplinary measures (see above), others, such as a wrongdoer's popularity or productivity, should not influence the decision. Favouritism can arise when personnel are seen as close to senior management, including through private or family connections, making them appear "untouchable." Inconsistent disciplinary measures undermine transformational governance, which aims for proactive ethics and risk management instead of simple rule compliance. Such inconsistency can suggest opportunistic governance and erode the company's commitment to genuine sustainability efforts.
  - **Disciplinary actions depend on effective controls.** Disciplinary actions will only have a deterrent effect if they are properly implemented. This implies that the implementation of disciplinary actions must be documented and monitored by an independent function (e.g. anti-corruption ethics and compliance function or internal audit function).

### Step 3: Analyse the root cause and propose remedial actions

Companies should address wrongdoing as opportunities for learning and improvement within their anti-corruption ethics and compliance programme. Any wrongdoing should be addressed by a comprehensive root cause analysis and documentation. Such analysis provides invaluable insights into the weaknesses in policies, processes, structures and IT systems. Therefore, the detection of an attempted or actual wrongdoing should also be regarded as an opportunity to identify possible areas for improvement within the anti-corruption ethics and compliance programme or even within the underlying business processes (see chapter III. J.). Root cause analysis can also inform the continuous corruption risk management process of the company. These necessary improvements should be spelled out as remedial actions. Examples of remedial actions include:

- **Adaptation of the internal control environment.** Wrongdoing may indicate that existing internal controls should be more frequent, more in-depth, or redesigned. They may also indicate that existing controls are ineffective and need to be replaced with a new set of controls.
- **Additional training and communication.** Where wrongdoing suggests a lack of awareness of wrongdoing, tailored training should be provided to increase awareness and knowledge. Analysis may also reveal that while personnel or business partners were aware of the misconduct, they were unable to act due to an ethical dilemma (e.g. an extortion request). In such cases, additional training should focus on building the capacities for personnel to respond adequately.
- **Stronger ethical leadership.** A higher rate of wrongdoing in certain divisions or subsidiaries may suggest weak ethical leadership or a disconnect between formal and informal communication about the anti-corruption ethics and compliance programme. This should be corrected through targeted training and awareness campaigns on ethical leadership, particularly for middle management.

## » Practical implementation of cooperation with authorities

A cooperative relationship between the private sector and public authorities is instrumental to the effective fight against corruption and its adverse consequences.<sup>110</sup> Providing insights about wrongdoing and anti-corruption risks to authorities helps them to further enhance the regulatory landscape and to further enforce the rule of law. Companies can also play an important part in spotting criminal proceeds and helping to return them to their rightful owners.<sup>111</sup> When evaluating collaboration with authorities, companies are encouraged to consider the following steps.

### Step 1: Outline of the advantages of cooperating with authorities

In some jurisdictions, companies may benefit from cooperation with authorities particularly when they make significant contributions to the identification or analysis of a corruption allegation. Under certain circumstances, such cooperation may result in reduced or even suspended sanctions. For instance, a company may be eligible for a reduced monetary fine if it voluntarily reports misconduct and demonstrates that the wrongdoing was the result of a single rogue individual rather than a systematic failure of its anti-corruption ethics and compliance programme.

In addition to underlining a strong commitment to a culture of zero-tolerance of corruption, the possibility of reduced or suspended sanctions is often a key motivating factor for companies to cooperate with authorities. Other factors may include:

- Preserving the confidentiality of discovered irregularities;
- Avoiding criminal prosecution by opting for civil proceedings instead;
- Enabling out-of-court settlements; and
- Rehabilitating convicted companies by publicly announcing improved behaviour (e.g. the implementation of a significantly improved anti-corruption ethics and compliance programme).

### Step 2: Consider the timing of cooperation

Companies should cooperate with authorities even before the authorities are aware of the allegation of a corrupt act. Self-reporting refers to the voluntary disclosure of relevant information and evidence of actual or possible wrongdoing to authorities before any allegations have been raised against the company or its representatives. Such disclosures may relate not only to internal matters, but also to information regarding business partners. For instance, a company may conduct extensive due diligence on a prospective joint venture partner and uncover information suggesting a potential wrongdoing. Several national enforcement authorities as well as multilateral development banks, such as the World Bank, offer programmes for self-reporting often referred to as voluntary disclosure programmes. The benefits for cooperating before authorities are aware of a corrupt allegation are often stronger than those for cooperation afterwards. For instance, under the voluntary disclosure programme of the World Bank, parties that self-report can continue to compete for Bank Group-supported contracts and remain anonymous as part of the confidentiality agreement they sign with the Bank.<sup>112</sup>

Companies should also cooperate with national authorities after the corrupt act has come to their

<sup>110</sup> The relationship between the private sector and authorities is recognized in the United Nations Convention against Corruption. It requires States Parties to foster a cooperative relationship with the private sector and to institutionalize collaboration, to avoid cross-jurisdictional or other conflicts enterprises may face, related, for example to privacy, confidentiality or bank secrecy rules (United Nations Office on Drugs and Crime, "Legislative Guide for the Implementation of the United Nations Convention against Corruption", 2006).

<sup>111</sup> UNODC and the World Bank established the Stolen Asset Recovery (StAR) Initiative in 2007. The StAR Initiative supports international efforts to end safe havens for corrupt funds. Its dedicated portal provides access to a rich array of publications and knowledge on asset recovery at <https://star.worldbank.org/>.

<sup>112</sup> World Bank, Department of Institutional Integrity, "Voluntary Disclosure Program — Guidelines", Chapter 3 and 5.7.2, 2006.

attention, independent of whether the wrongdoing was self-reported or initially identified by the authorities. In such cases, companies can support the investigation by disclosing additional relevant information or by providing investigative resources. For instance, companies can offer internal audit staff to support the investigation. Companies may also cooperate by undertaking other remedial measures such as:

- Voluntary restoration of damages or loss caused by the offence;
- Recovery of ill-gotten gains (e.g. proceeds of the corrupt act);
- Other voluntary restraints (e.g. abstention from bidding for public contracts);
- Acceptance of an external compliance monitor; and
- Corrective organizational actions (e.g. removal or other disciplinary measures against responsible personnel).

### Step 3: Analyse applicability of parallel legal requirements and jurisdictions

To ensure the protection of reporting persons and compliance with data privacy requirements, companies should consult their legal experts before approaching authorities. This helps ensure the following aspects are reflected in the company's course of action.

- **Protection of reporting persons:** Article 33 of the United Nations Convention against Corruption as well as resolution 10/8 of the Conference of the States Parties to the United Nations Convention against Corruption<sup>113</sup> note the importance of a country providing protection against any unjustified treatment of reporting persons.
- **Protection of witnesses, experts and victims:** Under article 32 of the United Nations Convention against Corruption, States Parties are required to protect individuals possessing detailed knowledge or evidence of a corruption case from potential retaliation and intimidation.
- **Potential data privacy wrongdoing:** Disclosing information to authorities may entail risks when such information is subject to data privacy obligations (e.g. bank secrecy, arms and defence contracts).
- **Cross-jurisdictional prosecution:** Companies operating across multiple national jurisdictions need to consider differences in criminal prosecutions frameworks. When deciding to cooperate with the authorities in one country, companies may also need to consider the potential impact of that cooperation in other relevant jurisdictions, including any consequences for individual personnel.

### » Practical challenges and good practice advice

Imposing disciplinary actions on personnel who breach anti-corruption ethics and compliance standards sends a strong message that the company enforces its rules and can have a strong deterrent effect for potential other wrongdoings. Companies should consider communicating the disciplinary actions taken in response to wrongdoing across the company within existing data privacy laws. One approach could be the creation of an internal registry that outlines the nature of the misconduct and the corresponding disciplinary action, while removing any personal identifiers specific to the case (see Good Practice Box 8). This helps personnel understand the types of behaviours that are not acceptable and the consequences they carry, without compromising individual privacy. Anti-corruption ethics

<sup>113</sup> <https://www.unodc.org/corruption/en/cosp/conference/session10-resolutions.html#Res.10-8>

and compliance practitioners may also use anonymized cases as well as the disciplinary actions taken in training sessions to demonstrate the company's commitment to anti-corruption ethics and compliance. This supports the idea of "storytelling" in compliance training modules as mentioned in chapter III. D. In addition, data on disciplinary actions can be reported to senior management in the form of regular reporting. Such statistics may include the number of terminations due to misbehaviour detected in investigations and the types of disciplinary action applied during a certain period.

Some companies also struggle with different standards when disciplinary actions involve senior management or other high-ranking personnel. Investigations can be particularly difficult when top management or board members are involved. This underlines the importance of formalizing objective criteria and documenting disciplinary actions. The more factual and objective the process, based on precedent, the more difficult it becomes for senior management to apply different standards. In addition, it may be helpful for one of the organizational functions involved in defining disciplinary actions to have a reporting line to the company's audit committee or a similar oversight body, where such a structure exists.

### GOOD PRACTICE BOX 8

#### INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY

A good practice example for communicating disciplinary measures throughout the organization is exemplified by the United Nations that publishes a compendium of disciplinary measures. The purpose of the compendium is to inform staff members of the practice of the Secretary General in exercising his authority in disciplinary matters. The compendium can be downloaded here: <https://hr.un.org/en/introduction-compendium-disciplinary-measures>.

#### » Challenges and opportunities for small and medium-sized enterprises (SMEs)

In general, SMEs should deal with detected wrongdoing in the same way as large companies. Although the establishment of a policy that deals with wrongdoing may seem too formal for small companies, it is a necessary step. It sends a strong signal about the importance of the anti-corruption ethics and compliance programme and ensures an objective baseline for consistent application.

It may be particularly challenging for SMEs to apply sanctions in the case of serious wrongdoing where an appropriate response would mean the dismissal of an internal wrongdoer or terminating a relationship with a business partner. SMEs may find it more difficult than large companies to replace such personnel or business partners. While the immediate costs may appear considerable, SMEs should consider these costs as a short-term investment that helps reduce legal, commercial and reputational risks in the long term.

As with large companies, SMEs should consider cooperation with authorities. Such cooperation underscores the company's commitment to zero-tolerance of corruption and may result in benefits, such as reduced sanctions for legal infringements. Cooperation with authorities also includes a variety of challenges for SMEs. The expert advice typically required (e.g. from a legal counsel) before deciding to engage with authorities may create a substantial burden. SMEs may not have sufficient resources to either employ a dedicated legal expert internally or hire external professionals to evaluate the best course of action. In such cases, SMEs may consult with their local business associations or seek a reduced-fee or even pro bono service. These sources may be able to advise whether the complexity of a particular case warrants the engagement of a professional expert.

## I. APPLICATION OF THE ANTI-CORRUPTION ETHICS AND COMPLIANCE PROGRAMME TO BUSINESS PARTNERS

*In line with one of the core notions of transformational governance, this subchapter emphasizes the importance of extending anti-corruption ethics and compliance efforts externally to business partners, such as suppliers and contractors. Key points include conducting due diligence, including anti-corruption clauses in contracts, providing training and resources, monitoring compliance and collaborating with partners to support their anti-corruption measures.*

Transformational governance implies that companies actively shape their business environment by applying high corporate governance and sustainability standards both internally and externally (see chapter II., principle 3). The application of anti-corruption ethics and compliance standards to external business partners is an important vehicle to raise anti-corruption standards externally. Companies should not ignore the corruption practices of their business partners also because national laws increasingly hold companies liable for the misconduct of their partners. Additionally, a company's reputation can suffer considerably if it becomes associated with a corrupt partner.

Transformational governance also implies that companies should not limit their influence on business partners to anti-corruption only. Rather, companies that practice transformational governance request their business partners to uphold high standards on all corporate governance and sustainability topics. In practical terms, this implies that anti-corruption ethics and compliance programmes should be applied to business partners with an integrated approach that also accounts for the business partners' standards on other corporate governance and sustainability topics.

### » Practical application of the anti-corruption ethics and compliance programme to business partners

Viewing the anti-corruption ethics and compliance programme through the transformational governance lens implies that the programme elements as outlined in chapter III. A.- H. should not only be implemented internally but should also include business partners wherever feasible.

#### Step 1: Integrated due diligence

Applying the anti-corruption ethics and compliance programme to business partners starts with an integrated due diligence. An integrated due diligence process means that business partners are not only screened with respect to corruption risks, but also with respect to other risks associated with corporate governance and corporate sustainability. The integrated approach should recognize that due diligence procedures need to be customized according to the specific type of risk being assessed. Some risks, relating to illicit financial flows, money laundering, fraud and terrorist financing may require risk assessments as prescribed by "know your customer" regulations in the financial services sector. Other risks, such as the risk of human rights violations and legal liability, are consistently higher with suppliers than with sales agents. Therefore, human rights due diligence may need to follow a different approach than anti-corruption. However, there may also be important overlaps and the creation of an integrated due diligence report on business partners supports a more comprehensive understanding of the business partner's level of integrity.

For all corporate governance and sustainability risks, the company needs to perform due diligence on the individual business partner which helps to identify red flags. Examples of red flags are:

- Complicated ownership structure;
- Bank account located in a different country from country of registration;
- Offshore zone registration;
- Few years of incorporation; and
- Negative track record with respect to corruption and other types of corporate crime.

To assess the track record of business partners, companies may employ one single system or vendor to perform **background screening**. Background screening is an important part of due diligence and provides insights into a company's track record such as previous allegations of misconduct or adverse media. Such background screening may also identify misconduct related to other corporate governance and corporate sustainability topics such as fraud, terrorist financing, or forced labour.

In addition to background screening, due diligence includes the use of corporate sustainability reports, **questionnaires or self-assessment forms** for business partners. These tools help gather relevant information to determine the risk, such as:

- Verification of the legal status and type of organization of the business partner, including the jurisdiction of incorporation;
- Assessment of the financial or organizational dependencies and ownership structures (e.g. companies partly owned by the government);
- Identification of any conflict of interests of key personnel from the business partner;
- Assessment of the business partner's anti-corruption commitment (e.g. senior management's active participation in voluntary anti-corruption initiatives);
- Evaluation of the quality of the business partner's existing anti-corruption ethics and compliance programme; and
- Selection procedure applied for the business partner (i.e. competitive bidding vs. single sourcing).

In addition to questionnaires and self-assessment forms, companies can conduct **interviews** or engage a **third party to evaluate and assess the business partner**. Such assessments typically include a review of the business partner's anti-corruption ethics and compliance programme and may also involve interviews with former personnel.

### GOOD PRACTICE BOX 9

#### INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY

One company participating in the Think Lab for Business Integrity shared a good practice example for an integrated approach to performing due diligence on important and high-risk business partners. The company has an established due diligence committee that jointly discusses the risks related to the relevant third party. As such, the third party is reviewed from various perspectives, and the associated risks can be addressed in an efficient and concerted manner.

Managing the risk related to business partners can be a challenging and time-consuming endeavour. Rather than performing individual due diligence assessments on all business partners, companies may choose to limit such assessments to high-risk business partners and apply standard mitigation measures to specific types of business relationships.

Due diligence should be carried out before engaging with a business partner. The outcome of the risk assessment should be formalized in writing and include risk-based recommendations for mitigation measures. These may involve applying elements of the anti-corruption ethics and compliance programme to business partners as outlined below, but they can also include other actions (e.g. requiring approval from senior management, implementing documentation requirements, or specifying acceptable forms of payment).

### **Step 2: Policies and procedures**

The application of policies and procedures to business partners involves two key aspects. First, it is important to set consistent standards for all business partners, especially those acting on the company's behalf. Second, the company's procedures for selecting business partners should reflect the outcomes of the due diligence process, be free from conflicts of interests and be conducted at arm's length. Accordingly, companies should establish an onboarding process for business partners that ensures all corporate governance and sustainability standards are reflected in the engagement.

### **Step 3: Communication and training**

Standards applied to business partners must clearly articulate expectations to all contractors and suppliers and should be communicated transparently and formally, e.g. through a code of conduct for suppliers. In line with the principle of taking an integrated approach, such a code should also cover all relevant corporate governance and sustainability topics. In line with this guidance, transformational governance encourages companies to develop and publicly disclose a human rights policy that outlines their commitment to respecting human rights across operations. Another form of communication and formalization is to include anti-corruption standards in contractual provisions (i.e. anti-corruption clauses). Companies should further encourage their business partners to adopt such standards and enhance their own anti-corruption ethics and compliance programme. All high-risk business partners should be made aware of the company's policies and procedures as well as the consequences of non-compliance. Where appropriate and in line with the results of due diligence, companies should provide training to high-risk business partners such as distributors, sales agents and others acting on the company's behalf.

### **Step 4: Rewarding ethics and compliance**

Companies may reward business partners that have a strong and robust anti-corruption ethics and compliance programme, e.g. by granting preferred supplier status or offering more favourable contractual terms. Another potential reward is the exemption from recurring checks, as outlined below, provided the business partner's track record remains "clean". To avoid ambiguity, such rewards must be in line with other corporate governance and sustainability standards.

### **Step 5: Checks and balances**

Checks and balances with respect to business partners relate to monitoring and audit exercises. Based on the information gathered during the initial due diligence, the extent, frequency and approach to monitoring business partner behaviour can be determined. The right to request information and to monitor and audit a business partner should be addressed in the contractual terms and conditions. IT-based solutions that support background screening often offer the capability to continuously monitor adverse events that may become public during the business relationship. Such a solution provides an efficient way of ensuring that the company remains informed about potential wrongdoing by its business partners.

The extent of monitoring and auditing may vary significantly, depending on the overall risk exposure of the partner. For example, simple checks such as confirming the existence of a formal, written statement of compliance with the company's standards, may be sufficient for suppliers in low-risk countries. In high-risk areas, or when engaging with critical partners, companies may opt for a more intensive analysis of the partner's anti-corruption ethics and compliance programme, including stakeholder interviews and expert assessments. As mentioned above, the extent and frequency of monitoring and auditing can also serve as a positive incentive for business partners who demonstrate strong performance in corporate governance and sustainability.

Depending on the level of risk exposure, the company will determine the appropriate approach to monitor and audit the business partner. This may consist of one or more of the following approaches:

- **Self-assessment:** Companies may require business partners to provide information on the status of their corporate governance and sustainability framework (including the anti-corruption ethics and compliance programme) through a self-assessment form.
- **Monitoring and audits** should be conducted on a regular basis, as risks identified by the initial assessment may change over time. Additionally, companies may conduct ad hoc monitoring of high-risk business partners.

Companies should assign clear responsibilities for the monitoring and auditing of business partners. The primary responsibility for selection and monitoring lies with the operational business functions, supported by a team of legal, financial and other relevant experts (depending on the size and structure of the company).

#### Step 6: Detecting wrongdoing

To enable the detection of wrongdoing by business partners, companies should encourage them to set up their own reporting channels or to use the company's existing channels. To allow personnel of partner organizations to raise concerns about wrongdoing, companies need to publish their whistle-blowing hotline or reporting channels on the company's website. If reports are made regarding misconduct involving the business partner, companies should investigate the claims and seek relevant information from the business partner. Like monitoring and auditing rights, this should be addressed in the contractual terms and conditions.

#### Step 7: Addressing wrongdoing

Business partners, over whom a parent company has effective control, may be required to comply with the parent company's anti-corruption standards. For other business partners, where the company does not have sufficient influence to require adherence, alternative measures need to be considered to encourage compliance, including penalties for non-adherence to anti-corruption standards. Companies may consider a variety of options, as outlined below, which can be applied either directly to the business partners or in collaboration with other stakeholders:

- **Commercial sanctions** can include the termination of relationships (e.g. cancellation of supply contract), exclusion from business opportunities (e.g. debarment from contracting) or the imposition of unfavourable conditions (e.g. higher financing costs due to an increased risk premium). Commercial incentives can include access to business opportunities (e.g. preferred supplier status) and the assignment of favourable conditions (e.g. reduced monitoring frequency).
- **Legal sanctions** are primarily enforced by the State and can include fines, compensatory damages, or imprisonment of representatives. However, companies can also leverage the legal system to apply sanctions to business partners. For instance, by imposing a contractual penalty

for breaches of an anti-corruption clause or by claiming compensatory damages. Legal mitigation incentives, such as reduced sanctions in response to certain behaviour, are also primarily administered by the State.

- **Reputational incentives and sanctions** are typically applied through civil society organizations rather than directly by companies. Such measures can include the public disclosure of corruption-related incidents (e.g. via campaigns or media articles) or comparative business performance assessments (e.g. rankings based on public reporting on their anti-corruption ethics and compliance programmes).<sup>114</sup>

In cases where companies impose sanctions on business partners for violating anti-corruption policies and procedures, mitigation incentives should be considered to support the rehabilitation of businesses that demonstrate improved anti-corruption behaviour.

### » Practical challenges and good practice advice

Effectively extending the anti-corruption ethics and compliance programme to business partners may present practical challenges. Business partners may be uncooperative in providing the information required for due diligence. Additionally, those lacking knowledge of anti-corruption standards may be reluctant to sign anti-corruption clauses or other statements that commit both contracting parties to compliance.

The lack of appreciation among business partners for the importance of anti-corruption standards becomes especially difficult when companies aim to go beyond mere “tick box” due diligence. A meaningful application of anti-corruption standards to third parties in line with the notion of transformational governance requires a value-based approach. This includes close cooperation on anti-corruption ethics and compliance throughout the business relationship and may include audits of business partners’ practices under the relevant agreement.

To overcome the challenges of applying the anti-corruption ethics and compliance programme to third parties, it is crucial to invest sufficient resources in the company’s due diligence and third-party monitoring programme. Meaningful due diligence and monitoring need to go beyond the completion of questionnaires and should represent a thorough assessment of the third party’s anti-corruption ethics and compliance programme and related efforts. Much can be gained by aligning anti-corruption due diligence and monitoring with other business functions that seek to increase business integrity in the interaction with third parties. For example, setting environmental or human rights standards in the supply chain requires similarly rigorous screening and monitoring procedures as those used to ensure anti-corruption standards. Companies could set up a “Supplier Code of Conduct” which clarifies standards on anti-corruption, environmental responsibility, human rights, non-discrimination and other corporate sustainability topics. A joint monitoring programme could help efficiently leverage compliance across these standards.

Generally, external audits or certification of anti-corruption ethics and compliance programmes can support and streamline due diligence processes between companies. If companies can show that their anti-corruption ethics and compliance programme has been certified, this could provide reassurance to business partners. Additionally, increased transparency and reporting on transformational governance efforts can help build trust among business partners and decrease the overall cost of due diligence.

<sup>114</sup> See for instance: Transparency International, “Transparency in Corporate Reporting”, 2012.

### » Considerations for small and medium-sized enterprises (SMEs)

The application of the anti-corruption ethics and compliance programme to business partners is equally important for SMEs as it is for large companies.

Due to their size, economic power and reliance on continuous business relationships, SMEs typically have a more limited ability to influence their business partners. Therefore, they may have difficulties in enforcing their anti-corruption ethics and compliance standards through measures such as terminating business relationships.

Nonetheless, SMEs are advised to conduct due diligence as described above, as they are equally vulnerable to legal liability, commercial disadvantages, or reputational damage. SMEs that lack in-house expertise may engage external consultants to conduct the initial risk assessment. Alternatively, they can use available tools,<sup>115</sup> such as checklists, due diligence flowcharts and red flags indicators (see Resource Box 7). SMEs may also enhance their influence by engaging in collective action with other SMEs. This is particularly relevant as SMEs often serve as business partners to larger companies and are subject to multiple compliance requirements. Engaging in a constructive dialogue (e.g. through a sectoral initiative) may help SMEs decrease the burden of complying with diverse standards.

#### RESOURCE BOX 7

##### ANTI-CORRUPTION THIRD PARTY DUE DILIGENCE GUIDE FOR SMES

The “*ICC Anti-Corruption Third Party Due Diligence: A Guide for Small-and Medium-sized Entities*” provides practical advice on how SMEs can cost-effectively conduct due diligence on third parties they engage to perform services on their behalf. It focuses on corruption risks associated with engaging third-party suppliers, contractors and consultants in an international and domestic setting and how those risks can be managed. The guide can be retrieved here: <https://iccwbo.org/wp-content/uploads/sites/3/2015/07/ICC-Anti-corruption-Third-Party-Due-Diligence-A-Guide-for-Small-and-Medium-sized-Enterprises.pdf>.

<sup>115</sup> Ministry of Justice, Republic of Korea, The World Bank, “Integrity Compliance Programs for SMEs: Practical Guidance and Resources”, 2024. <https://documents1.worldbank.org/curated/en/0997117003082422668/pdf/IDU1a80129c3178a91493c1b3521418d07f88f2e.pdf>

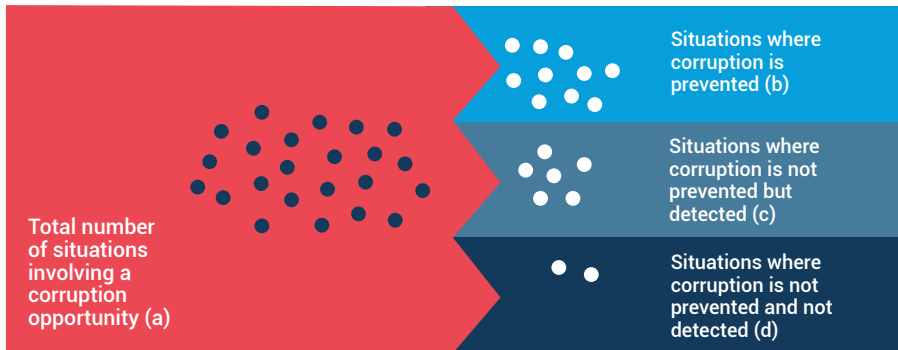
## J. MEASURING EFFECTIVENESS AND CONTINUOUS IMPROVEMENT

*This subchapter outlines both the importance and the constraints of measuring an anti-corruption ethics and compliance programme, while providing practical steps on how to conduct monitoring and evaluation. In addition, the subchapter elaborates on how programmes can be continuously improved and adapted to the evolving realities of doing business.*

Monitoring and evaluation are crucial to verify if the anti-corruption ethics and compliance programme achieves its intended goals, and to maintain support from senior management and other stakeholders for the programme by keeping them abreast of progress made. Companies can also learn from setbacks and continuously improve measures taken, ensuring it remains tailored to the company needs and adapts to an ever-changing business environment.

Additionally, evaluating the anti-corruption ethics and compliance programme may help companies demonstrate the robustness of their programme and thereby help mitigate potential sanctions or reputational incidents. Companies that were previously found to have violated anti-corruption laws may be required to show public authorities that they are dedicated to implementing a robust anti-corruption ethics and compliance programme. Evaluation and continuous improvement can also help companies qualify for incentives by Governments, such as advantages in public procurement processes.<sup>116</sup>

### » The dilemma of the three unknowns



Many anti-corruption practitioners seek appropriate ways to evaluate an anti-corruption ethics and compliance programme. Evaluating an anti-corruption ethics and compliance programme implies assessing how well its components prevent, detect and respond to corruption. This assessment is often complicated by the "dilemma of the three unknowns," as illustrated above

The figure above shows the number of situations in which corruption is prevented (b); situations in which corruption is not prevented but detected by internal detection mechanisms (c); and situations in which corruption is not prevented and not detected (d).

<sup>116</sup> OECD, "Companies' assessments of anti-corruption compliance", 2025. [https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/03/companies-assessments-of-anti-corruption-compliance\\_363b6821/977ed5a8-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/03/companies-assessments-of-anti-corruption-compliance_363b6821/977ed5a8-en.pdf)

Measuring these factors is hampered by the following three challenges:

- **The secretive nature of corruption:** The total number of situations involving a corruption opportunity (a) and those where corruption is neither prevented nor detected (d) cannot be determined due to the covert nature of the corrupt acts.<sup>117</sup> For example, transactions may appear legitimate but may in fact have been misused as bribes.
- **Invisible decision-making:** It is impossible to determine the exact number of situations where corruption was prevented (b) because individual decision-making processes cannot be observed.
- **Risk of wrong conclusions:** The only measurable figure is the number of situations where corruption is not prevented but is detected (c) through internal detection mechanisms (e.g. reports received via whistle-blowing hotlines). However, this figure does not provide conclusive insight into (a), (b) or (d). Therefore, using this number as an indicator of the effectiveness of, for example, the reporting channel, may lead to incorrect conclusions.

## » Practical implementation of measuring effectiveness

Monitoring provides data on a programme's progress over time in achieving its objectives, while evaluation uses this data to determine which elements are effective, which are not, and what changes are required.<sup>118</sup> Practical steps for this purpose, based on a simplified logical framework methodology, are outlined below.

### Step 1: Identify objectives and disaggregate them into concrete outputs

As a first step, objectives should be identified and structured around the elements of the anti-corruption ethics and compliance programme. These objectives should be informed by the corruption risk assessment and take into account the availability of existing resources. They should be realistic and attributable to the programme.

Next, the implementation of each objective should be broken down into a series of outputs (activities) to enable step-by-step progress assessment. This includes setting deadlines, assigning responsibilities - especially when working with other departments - and determining costs. This approach also supports measuring the efficiency and sustainability of the anti-corruption ethics and compliance programme. Concrete examples are shown in boxes at the end of this chapter.

### Step 2: Select progress and result indicators

Progress indicators, also known as "output indicators," measure the products of activities, such as the number of trainings conducted or participants per workshop. Result indicators, or "outcome indicators," measure changes in behaviour or conditions resulting from those activities, such as a participant's new skills gained through training. It is important to use both types of indicators, applying a SMART approach (specific, measurable, achievable, relevant and time-bound).<sup>119</sup> The ideal indicator is one where any observed change can be attributed solely to the actions of the anti-corruption ethics and compliance programme. It is helpful to determine at the outset what constitutes change as a result of the programme.

<sup>117</sup> S. Rose-Ackerman, "Corruption and Government: Causes, Consequences, and Reform", Cambridge University Press, 1999.

<sup>118</sup> United Nations Office on Drugs and Crime, "National Anti-Corruption Strategies – A Practical Guide for Development and Implementation", 2015. [https://www.unodc.org/documents/corruption/Publications/2015/National\\_Anti-Corruption\\_Strategies\\_-\\_A\\_Practical\\_Guide\\_for\\_Development\\_and\\_Implementation\\_E.pdf](https://www.unodc.org/documents/corruption/Publications/2015/National_Anti-Corruption_Strategies_-_A_Practical_Guide_for_Development_and_Implementation_E.pdf)

<sup>119</sup> Handbook on Planning, Monitoring and Evaluating for Results, see p. 58.

In addition, baselines and targets should be set for each indicator. The baseline represents the value of the indicator at the start of the monitoring period and serves as the reference point for measuring change during programme implementation. Once an indicator is selected and a baseline established, targets should be specified. Targets should be ambitious yet realistic, taking into account past performance and available resources.<sup>120</sup> Finally, defining means of verification in advance can help clarify how data will be collected.

### Step 3: Allocate sufficient time and resources

Although progress indicators are generally associated with monitoring and result indicators with evaluation, both types can be monitored and evaluated. For example, the progress indicator “number of participants per workshop” can be monitored by tracking attendance and evaluated by determining whether the right personnel were trained (e.g. those most exposed to specific corruption risks).

It is thus important to adopt a mixed-method evaluation approach that combines quantitative and qualitative data collection, leveraging the strengths of both for a more rigorous and comprehensive understanding of the anti-corruption ethics and compliance programme.

A mixed-method approach should be based on means of verification that support the objectivity of the assessment. Such resources may include:

- Personnel and business partner surveys;
- Stakeholder feedback forms;
- In-depth interviews with management, personnel and business partners;
- Satisfaction evaluations, pre- and post-training tests;
- Updated corruption risk assessments;
- Outcomes of internal control exercises;
- Recommendations and findings from internal audits;
- Remedial actions identified during investigations of wrongdoing; and
- Situational feedback from external stakeholders, including business partners.

The annex of this *Guide* proposes qualitative evaluation criteria, along with potential supporting documentation where applicable. Qualitative criteria are typically used for measuring the integrity culture in the company. The integrity culture involves fostering an environment of shared values that inspire the actions of everyone within the organization<sup>121</sup>, which is an essential purpose of the anti-corruption ethics and compliance programme. Therefore, understanding and assessing the culture of integrity in the company can help determine whether the programme is working or not, especially when the results are compared over time.

In addition, the use of industry benchmarks is useful to assess anti-corruption performance against standards and regulations, as well as the performance of peers. The Communication on Progress<sup>122</sup> of

<sup>120</sup> United Nations Office on Drugs and Crime, “National Anti-Corruption Strategies – A Practical Guide for Development and Implementation”, 2015. [https://www.unodc.org/documents/corruption/Publications/2015/National\\_Anti-Corruption\\_Strategies\\_-\\_A\\_Practical\\_Guide\\_for\\_Development\\_and\\_Implementation\\_E.pdf](https://www.unodc.org/documents/corruption/Publications/2015/National_Anti-Corruption_Strategies_-_A_Practical_Guide_for_Development_and_Implementation_E.pdf)

<sup>121</sup> Global Compact Network Germany, Alliance for Integrity, Transparency International Germany, “Practical Guide for Measuring Integrity Culture in Companies”, 2025, <https://www.globalcompact.de/mediathek/publikationen/publikation/measuring-integrity-culture-in-companies>

<sup>122</sup> <https://www.unglobalcompact.org.uk/communicating-progress/>

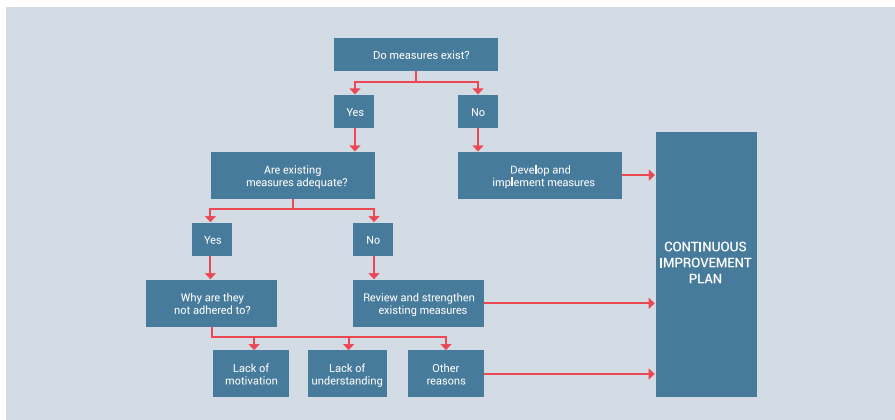
the UN Global Compact and the Corporate Anti-Corruption Benchmark of Transparency International<sup>123</sup> are helpful tools for this purpose.

Finally, it is essential not to underestimate the time and cost required for monitoring and evaluation, especially when multiple departments and stakeholders are involved. Monitoring should be continuous, collecting data from the means of verification relevant to the selected indicators. Because behavioural changes within a company may occur over an extended period, evaluations of results can be scheduled at longer intervals.

#### Step 4: Adjust the programme for continuous improvement

A key purpose of monitoring and evaluating the anti-corruption ethics and compliance programme is to enable its continuous improvement. Monitoring data alone shows whether the different elements are on track. It is the analysis of these data (the "evaluation") that determines whether:

- New measures need to be established (e.g. new policy due to the company's expansion into a new country).
- Existing measures are insufficient and should be revised (e.g. updating policies to comply with new regulations).
- Existing measures are robust but not adhered to because of:
  - Lack of motivation (e.g. need for incentives);
  - Lack of knowledge and understanding (e.g. additional training required);
  - Cumbersome internal processes (e.g. redundant controls should be removed, processes simplified); and
  - Other reasons (e.g. leveraging state-of-the-art technologies).



<sup>123</sup> Transparency International UK, "Business Integrity", <https://archive.transparency.org.uk/business-integrity/Corporate%20Anti-Corruption%20Benchmark#:~:text=Transparency%20International%20UK%27s%20Corporate%20Anti,performance%20of%20other%20participating%20companies>

## Step 5: Communicate results and measures taken

Internal and external reporting on findings from monitoring and evaluation is a key element of the overall accountability principle and should be integrated into the anti-corruption ethics and compliance programme.

Internal reporting is essential to improve coordination among departments, ensure transparency and secure support from senior management by providing a comprehensive picture of implementation and achievements. For example, an interdepartmental meeting with leadership can be convened to discuss evaluation results and next steps.

External reporting on monitoring and evaluation results signals the company's commitment to governments, business partners, shareholders and customers. The next chapter of this *Guide* addresses external communication.

Although issued at a particular point in time and intended to be comprehensive, the anti-corruption ethics and compliance programme must remain a living document.

Given that corruption is a complex issue in a dynamic business environment, the programme should include mechanisms for honest feedback and genuine dialogue to enable learning from past experience and ensure continued relevance.

### » Practical challenges and good practice advice

The “dilemma of the three unknowns” described at the beginning of this section illustrates the complexities of measuring the level of corruption within a company. The limitations in measuring the number of corruption cases prevented or reduced do not imply that efforts to prevent, detect and respond to corruption cannot or should not be monitored and evaluated. One way to address this challenge is to select indicators that can be tracked and compared over time.

Although measuring corruption and assessing the impact of interventions may seem daunting, it is sometimes possible and cost-effective to measure relatively directly through investigations, audits and spot checks. Financial audits can reveal funds that disappear without adequate explanation, while spot checks can verify whether operations comply with standard operating procedures. However, even when appropriate indicators have been identified, care must be taken not to misinterpret year-to-year changes. For example, as noted earlier, an increase in corruption complaints might indicate worsening corruption, or greater willingness among personnel to report incidents. This concern is less pronounced for audits and spot checks, but it remains relevant. Similarly, a decrease in “missing money” detected in audits might suggest reduced corruption, or a shift by corrupt actors to less easily detectable methods, such as disguising facilitation payments as legitimate transactions. Data on corruption is often open to multiple interpretations, making it essential to consider the context when drawing conclusions.<sup>124</sup>

<sup>124</sup> United Nations Office on Drugs and Crime, “National Anti-Corruption Strategies – A Practical Guide for Development and Implementation”, 2015. [https://www.unodc.org/documents/corruption/Publications/2015/National\\_Anti-Corruption\\_Strategies\\_-\\_A\\_Practical\\_Guide\\_for\\_Development\\_and\\_Implementation\\_E.pdf](https://www.unodc.org/documents/corruption/Publications/2015/National_Anti-Corruption_Strategies_-_A_Practical_Guide_for_Development_and_Implementation_E.pdf)

## » Considerations for small and medium-sized enterprises (SMEs)

It is crucial for SMEs to understand that an anti-corruption ethics and compliance programme is not a one-off activity, but an ongoing process. This requires continuous commitment from senior management, including the allocation of sufficient human and financial resources, to ensure that the programme is applied in day-to-day operations and remains aligned with changes in the business environment.

SMEs may conduct monitoring and evaluation based on predefined goals and compare programme performance against these benchmarks. Monitoring and evaluation can also take the form of a general risk assessment, enabling SMEs to benefit from synergies between these activities. SMEs can also use digital tools to monitor and evaluate their progress effectively. It is important for SMEs to recognize that a thorough and periodic review and evaluation of the programme can significantly enhance not only its effectiveness, but also its efficiency, potentially reducing the overall cost of implementation.

The following boxes show a concrete example of how companies can monitor the effectiveness of their anti-corruption ethics and compliance programme in practice.

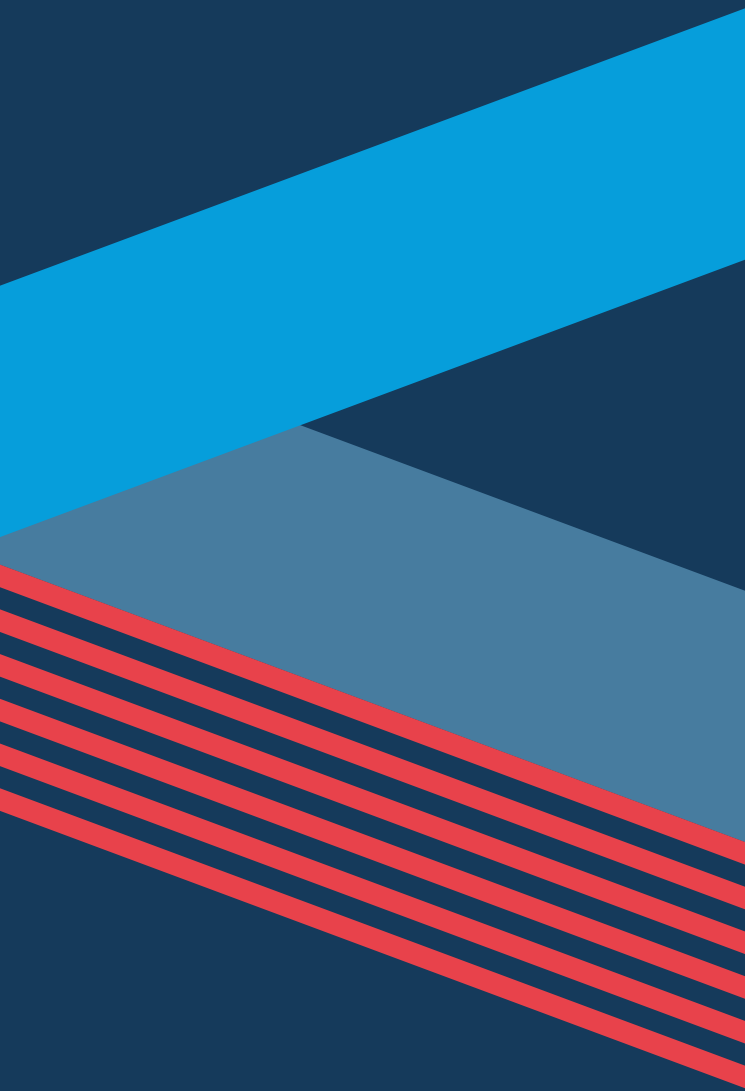
| Anti-Corruption Ethics and Compliance Programme                      |                                                                                                                                                                                                                                             |                |                                      |      |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------|------|
| Priority 1                                                           | Preventing corruption and enhancing business integrity                                                                                                                                                                                      |                |                                      |      |
| Description                                                          | Personnel has the knowledge and capacity to prevent corruption and enhance business integrity by acting in alignment with the values of the company and applicable regulations.                                                             |                |                                      |      |
| Objective 1                                                          | A code of conduct is developed with extensive stakeholder participation.                                                                                                                                                                    |                |                                      |      |
| Objective Indicators                                                 | <ul style="list-style-type: none"> <li>» % of employees familiarized with the content of the code of conduct (target 80% / survey)</li> <li>» % of personnel feeling heard throughout the drafting process (target 90% / survey)</li> </ul> |                |                                      |      |
| Outputs                                                              | Indicators                                                                                                                                                                                                                                  | Deadline       | Responsible                          | Cost |
| 1.1 Analysis of context and regulations conducted.                   | Report is completed.                                                                                                                                                                                                                        | February 2026  | Compliance, Legal and Sustainability | xxx  |
| 1.2 Survey on corporate purpose and values is circulated.            | Survey completed by at least 65% of personnel, as well as partners and consumers.                                                                                                                                                           | March 2026     | Compliance and Human Resources       | xxx  |
| 1.3 First draft is developed through working group.                  | Members of the working group represent at least 80% of departments.                                                                                                                                                                         | September 2026 | Compliance and others                | xxx  |
| 1.4 Consultations on the draft are held with personnel and partners. | Five in-person and online consultations are held attended by 250 participants.                                                                                                                                                              | January 2027   | Compliance and External Affairs      | xxx  |
| 1.5 Code of conduct is adopted with feedback integrated.             | Code of conduct is adopted incorporating 70% of the comments received.                                                                                                                                                                      | March 2027     | Compliance and Senior Management     | xxx  |

| Objective 2                                                           | Personnel has the capacity to address corruption internally and in interactions with external actors.                                                             |               |                                      |      |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|------|
| Objective Indicators                                                  | » % of increased knowledge after trainings (target 80% / pre-post tests)<br>» % of participants applying the knowledge in the office (target 90% / survey)        |               |                                      |      |
| Outputs                                                               | Indicators                                                                                                                                                        | Deadline      | Responsible                          | Cost |
| 2.1 Curriculum based on the corruption risk assessment is designed.   | Training programme responds to three identified risk areas.                                                                                                       | February 2026 | Compliance, Legal and Sustainability | xxx  |
| 2.2 Mandatory ethics induction course is rolled out for personnel.    | 90% of personnel has completed the course and 100% of new recruits.                                                                                               | July 2026     | Compliance and Human Resources       | xxx  |
| 2.3 Specialized trainings are delivered for high risk areas.          | 85% satisfaction from 200 participants of five workshops                                                                                                          | December 2026 | Compliance and Human Resources       | xxx  |
| 2.4 Protocol on gifts is disseminated around holidays.                | Protocol is downloaded 100 times and discussed in high risk units.                                                                                                | December 2026 | Compliance and Human Resources       | xxx  |
| Objective 3                                                           | Personnel supports the anti-corruption ethics and compliance programme.                                                                                           |               |                                      |      |
| Objective Indicators                                                  | » % of satisfaction with relevance and impact of the programme (target 80% / survey)<br>» % of personnel actively engaged in the programme (target 75% / records) |               |                                      |      |
| Outputs                                                               | Indicators                                                                                                                                                        | Deadline      | Responsible                          | Cost |
| 3.1 Incentives are designed in consultative process with personnel.   | Incentives programme integrates 70% of recommendations received by departments representatives                                                                    | February 2026 | Compliance and Human Resources       | xxx  |
| 3.2 Participation in the programme is part of performance evaluation. | 75% of personnel is positively assessed for their knowledge of integrity policies                                                                                 | July 2026     | Compliance and Human Resources       | xxx  |
| 3.3 CEO publicly recognizes highly engaged personnel.                 | CEO has lunch with three employees rewarded for outstanding support                                                                                               | December 2026 | Compliance and Front Office          | xxx  |

| Anti-Corruption Ethics and Compliance Programme                  |                                                                                                                                                                                                    |              |                                       |      |
|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------|------|
| Priority 2                                                       | Detecting wrongdoing and protecting whistle-blowers                                                                                                                                                |              |                                       |      |
| Description                                                      | The company is able to effectively detect wrongdoing through trustworthy reporting channels, internal controls and appropriate whistle-blower protection measures that reduce fear of retaliation. |              |                                       |      |
| Objective 1                                                      | Personnel reports wrongdoing trusting the established process and available channels.                                                                                                              |              |                                       |      |
| Objective Indicators                                             | » % of personnel expressing trust in the reporting process (target 80% / survey)<br>» % of reporting persons satisfied with how their report was handled (target 90% / survey)                     |              |                                       |      |
| Outputs                                                          | Indicators                                                                                                                                                                                         | Deadline     | Responsible                           | Cost |
| 1.1 Reporting channels are established leveraging technology.    | Three channels are put in place to enable reporting (hotline, supervisor and human resources unit)                                                                                                 | July 2026    | Compliance, IT, Human Resources       | xxx  |
| 1.2 Standard operating procedures are issued to handle reports.  | Three specified trainings based on SOPs are provided to personnel handling reports                                                                                                                 | June 2026    | Compliance, Internal Audit, Legal, HR | xxx  |
| 1.3 Reporting process and channels are widely disseminated.      | 75% of personnel is aware of the reporting process and available channels                                                                                                                          | October 2026 | Compliance and Human Resources        | xxx  |
| Objective 2                                                      | A whistle-blower protection programme reduces retaliation linked to reports of wrongdoing.                                                                                                         |              |                                       |      |
| Objective Indicators                                             | » % employees affected by retaliation after reporting wrongdoing (target 5% / survey)<br>» % of personnel who fear retaliation decreases after a year (target 50% / pre- and post-surveys)         |              |                                       |      |
| Outputs                                                          | Indicators                                                                                                                                                                                         | Deadline     | Responsible                           | Cost |
| 2.1 Whistle-blower protection measures are established.          | Number and type of measures taken to protect whistle-blowers.                                                                                                                                      | July 2026    | Compliance and Human Resources        | xxx  |
| 2.2 Gender-sensitive measures are integrated into the programme. | % of women fearing retaliation decreases by 50% after a year of launch and dissemination                                                                                                           | July 2026    | Compliance and Human Resources        | xxx  |
| 2.3 Trainings are held for personnel implementing the measures.  | 85% of trainees are satisfied with the usefulness of the workshop                                                                                                                                  | June 2026    | Compliance and Human Resources        | xxx  |

| 2.4 Whistle-blower protection measures are widely disseminated.  | 75% of personnel is aware of the whistle-blower protection measures                                                                                             | October 2026  | Compliance and Human Resources | xxx  |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------|------|
| <b>Objective 3</b>                                               | <b>Personnel with authorization power has the capacity to detect irregularities.</b>                                                                            |               |                                |      |
| Objective Indicators                                             | » % of increased knowledge after trainings (target 30% / pre- and post-tests)<br>» % of participants applying the knowledge in the office (target 90% / survey) |               |                                |      |
| Outputs                                                          | Indicators                                                                                                                                                      | Deadline      | Responsible                    | Cost |
| 3.1 Specialized trainings are delivered.                         | 85% satisfaction in three workshops evaluation                                                                                                                  | December 2026 | Compliance and Internal Audit  | xxx  |
| 3.2 Compilation of common irregularities is produced and shared. | Three peer-learning workshops are held based on the compilation                                                                                                 | December 2026 | Compliance and relevant units  | xxx  |

| Anti-Corruption Ethics and Compliance Programme                         |                                                                                                                                                                                                                                                                      |               |                                       |      |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------|------|
| Priority 3                                                              | Responding to corruption and wrongdoing.                                                                                                                                                                                                                             |               |                                       |      |
| Description                                                             | The company effectively responds to corruption and other forms of wrongdoing through fair investigations and a consistent application of disciplinary actions.                                                                                                       |               |                                       |      |
| Objective 1                                                             | Personnel in charge of investigations has the capacity and tools to investigate wrongdoing.                                                                                                                                                                          |               |                                       |      |
| Objective Indicators                                                    | <ul style="list-style-type: none"> <li>» % of investigations aligned with standard operating procedures and timelines (target 85% / records)</li> <li>» % of credibility perceived by personnel regarding the investigation process (target 80% / survey)</li> </ul> |               |                                       |      |
| Outputs                                                                 | Indicators                                                                                                                                                                                                                                                           | Deadline      | Responsible                           | Cost |
| 1.1 Standard operating procedures (SOPs) are issued for investigations. | Five specialized trainings based on SOPs are provided to personnel responsible for investigations                                                                                                                                                                    | November 2026 | Compliance, Internal Audit, Legal, HR | xxx  |
| 1.2 A simplified version of SOPs is easily accessible to personnel.     | 75% of personnel knows where to find information on the investigation process for wrongdoing                                                                                                                                                                         | March 2026    | Compliance and Human Resources        | xxx  |
| 1.3 Reporting persons are updated on the status of the investigation.   | A mechanism enables reporting persons to follow-up on their complaint, even anonymously                                                                                                                                                                              | July 2026     | Compliance, Internal Audit, Legal, HR | xxx  |
| 1.4 Trainings are held on the protection of whistle-blowers.            | 85% of trainees are satisfied with the usefulness of the workshop                                                                                                                                                                                                    | October 2026  | Compliance, Internal Audit, Legal, HR | xxx  |
| Objective 2                                                             | Relevant and proportionate disciplinary action is taken in response to incidents of corruption.                                                                                                                                                                      |               |                                       |      |
| Objective Indicators                                                    | » Number and types of disciplinary measures consistent with SOPs (target 95% / records)                                                                                                                                                                              |               |                                       |      |
| Outputs                                                                 | Indicators                                                                                                                                                                                                                                                           | Deadline      | Responsible                           | Cost |
| 2.1 SOPs include a list of sanctions and criteria for their imposition. | Two trainings based on SOPs are provided to personnel responsible for investigations                                                                                                                                                                                 | July 2026     | Compliance and Human Resources        | xxx  |
| 2.2 Reports on disciplinary actions are issued annually.                | Number of downloads of the reports                                                                                                                                                                                                                                   | July 2026     | Compliance and Human Resources        | xxx  |



IV.

TRANSPARENCY  
AND EXTERNAL  
COMMUNICATION

*This chapter outlines the relevance and benefits of transparency and external communication as a fundamental element of transformational governance and anti-corruption ethics and compliance programmes. In this context, it highlights the importance of public reporting. Various legislations have been enacted over the previous decade that raise the requirements on public reporting of corporate governance and sustainability standards and activities relating to high-corruption risks. Companies are advised to take a proactive approach and externally communicate their standards as well their anti-corruption activities beyond the legal requirements where appropriate.*

Transformational governance calls for companies to be more transparent and accountable. Transparency is key in the fight against corruption and in fostering ethical and responsible business conduct across other corporate governance and sustainability areas. It promotes trust between companies and external stakeholders and holds companies accountable for their actions by enabling greater public oversight and scrutiny. High levels of transparency also help create a level playing field within a given market. In fact, it may even stimulate competition in corporate governance and sustainability efforts. Furthermore, proactively sharing information about a company's anti-corruption ethics and compliance programme can influence the development of legislation. As outlined below, there are real-world examples where voluntary reporting standards have evolved into legal requirements over time. Therefore, transparency is one of the core principles of transformational governance, encouraging private sector engagement in achieving SDG 16. The level of transparency is essentially defined by a company's external communication. Companies that publicly communicate their standards and activities on corporate governance and sustainability topics create more transparency and must uphold communicated standards to maintain their credibility.

## » Public reporting

Public reporting is an important form of external communication. It provides a structured and comparable way to inform stakeholders<sup>125</sup> and reinforces the credibility of a company's commitment to corporate integrity. Beyond its external impact, public reporting also strengthens the anti-corruption ethics and compliance programme internally. As stated in the 'Reporting Guidance on the 10th Principle against Corruption' reporting on anti-corruption activities reinforces anti-corruption behaviour by encouraging personnel to resist corruption. It also fosters pride in the company's integrity and reputation. Public reporting ensures effective public communication on anti-corruption ethics and compliance activities.

### Legal development in transparency and public reporting standards

The legal and regulatory landscape regarding transparency and public reporting standards has evolved considerably over the last decade. The following paragraphs provide an overview of the three most notable reporting standards in which companies are expected to formalize their transparency levels with respect to anti-corruption ethics and compliance programmes.

#### Corporate sustainability reporting directive

The principle of corporate social responsibility is becoming increasingly important in today's business landscape. The Corporate Sustainability Reporting Directive (CSRD) will first apply for large companies not listed on the capital market in 2028, for reporting on the fiscal year 2027. It will profoundly change the scope and nature of corporate sustainability reporting for companies listed on an EU-regulated market (excluding micro-enterprises). It is estimated that the new directive affects about 50,000 companies

<sup>125</sup> United Nations Global Compact, Transparency International, "The Reporting Guidance on the 10th Principle against Corruption", 2000. [https://d306pr3pise04h.cloudfront.net/docs/issues\\_doc%2FAnti-Corruption%2FUNGC\\_AntiCorruptionReporting.pdf](https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2FAnti-Corruption%2FUNGC_AntiCorruptionReporting.pdf)

across the EU.<sup>126</sup> The CSRD is enforced through new reporting standards (the European Sustainability Reporting Standards, ESRS) which standardize and enhance the transparency of corporate sustainability reporting across the continent. Reporting requirements include:

- **Environmental protection:** Companies must disclose specific initiatives aimed at reducing their environmental footprint, including resource conservation and pollution prevention strategies.
- **Social responsibility and treatment of personnel:** This includes everything from personnel health and safety protocols to personnel benefits and company culture.
- **Respect for human rights:** Companies must outline their human rights policies and explain how they ensure these rights are upheld throughout their operations.
- **Diversity on company boards:** The CSRD requires companies to provide a detailed breakdown of the diversity of their board members, focusing on aspects such as gender, age and nationality.
- **Anti-corruption and bribery measures:** Companies must explain their strategies to prevent corruption and bribery, including corporate governance measures and ethics training programmes.

Reporting requirements regarding anti-corruption and bribery measures strongly reflect the elements and standards discussed in this *Guide*. As such, the ESRS requires companies to report on corporate culture, policies, anti-corruption training, corruption detection mechanisms (including detected incidents) and on the management of relationships with suppliers.<sup>127</sup> A broad view on anti-corruption is reflected by the inclusion of lobbying activities and political influence.

The CSRD currently represents the most elaborated and rigid form of legislation with respect to public reporting requirements on corporate sustainability topics. However, when companies undergo the CSRD assessment and achieve a good rating, they can expect to enjoy several significant benefits. For example, banks and investors may provide better financing deals, creating a solid foundation for future growth and success. Companies that practice transformational governance can better anticipate legal developments, as exemplified by the CSRD, and will have a competitive advantage over those companies that are entirely unprepared.

### Lobbying regulations

An additional example of enhanced reporting standards is the rise of lobbying regulations globally. The legal regulation of lobbyists was initially developed in the United States and remained unique to the country for many years. However, in recent years, this regulatory framework has been increasingly adopted worldwide. Currently, at least twenty-nine countries have enacted lobbying laws that generally promote transparency and reduce clandestine influence on government processes. These regulations are prevalent across Europe and are gaining traction in regions such as Asia (e.g. Taiwan, Province of China) and South America (e.g. Peru).

These laws typically aim to enhance transparency and minimize covert influence on governmental procedures. However, the specifics of these regulations vary significantly. There are variances in terms of who is obligated to register as a lobbyist and what types of activities are categorized as lobbying since not all interactions with government officials fall under this category. Furthermore, differences exist regarding the registration requirements, types of regulated activities, disclosure methods and penalties for non-compliance.

<sup>126</sup> KPMG, "Corporate Sustainability Reporting Directive (CSRD): What the EU's New CSRD Means for Companies", 2024. <https://kpmg.com/de/en/home/insights/overview/esg/corporate-sustainability-reporting-directive.html>

<sup>127</sup> Transparency International UK, "Preparing for the Corporate Sustainability Reporting Directive", 2024. <https://www.transparency.org.uk/publications/preparing-corporate-sustainability-reporting-directive>

While these laws share several commonalities, they also possess distinct nuances. For companies operating across borders, it is crucial to understand both the overarching concepts common to lobbying laws in various jurisdictions, such as categories of covered activity and registration thresholds, and the specific details of the laws in each country where the company operates. In the framework of their anti-corruption ethics and compliance programme, companies should build the internal or external capacity to ensure they comply with the principles of lobbying regulation. A dedicated function should coordinate filings and provide advice in the countries where the company and its personnel must register.<sup>128</sup>

### Transparency laws in the healthcare industry

A third example for increasing reporting standards over the last decade can be found in the healthcare and life science industry. The key corruption risk in this industry results from undue payments or other transfers of value made by medical technology and pharmaceutical companies to healthcare professionals and organizations. This is why various ethical codes published by industry associations require companies to track and publicly report payments made to healthcare professionals and organizations (so-called “transparency reporting”). Historically, many countries have depended on voluntary disclosure managed by industry associations. Nonetheless, recent trends indicate that an increasing number of nations are enacting legislation to mandate transparency reporting, for example, Italy, South Korea and the United Kingdom.

### Elements for public reporting on anti-corruption

Legal requirements on public reporting can be expected to increase in the future. However, even if legal requirements are not (yet) applicable, companies should voluntarily report on their anti-corruption efforts to demonstrate their commitment to the fundamental values of integrity, transparency and accountability. International good practice standards, such as the *United Nations Global Compact – Transparency International “Reporting Guidance on the 10th Principle against Corruption,”* can assist companies in their efforts to report on their anti-corruption ethics and compliance programme.

In addition to the “Reporting Guidance on the 10th Principle against Corruption”, the UN Global Compact introduced the “Communication on Progress (CoP).”<sup>129</sup> The CoP is a required public and annual disclosure by business participants of the UN Global Compact with the following main objectives:

- Foster accountability on corporate sustainability performance to help safeguard the integrity of the UN Global Compact initiative;
- Promote continued learning and help drive corporate sustainability performance; and,
- Enhance stakeholder access to information regarding participants' implementation of the Ten Principles and contribution towards the achievement of the Sustainable Development Goals (SDGs).

The 2025 CoP consists of a CEO Statement of Continued Support and a CoP Questionnaire.<sup>130</sup> The questionnaire addresses governance, human rights, labour, environment and anti-corruption topics that are relevant to participating companies regardless of their size, sector, or geography. Section 5 of the CoP Questionnaire includes questions on the company's anti-corruption ethics and compliance programmes. The table depicted below aligns the reporting elements of the above-mentioned guidance to the chapters of this *Guide*.<sup>131</sup>

<sup>128</sup> K. P. Hong, T. Rosen, A. Chugh, “Lobbying Regulation: A Global Phenomenon”, 2023. [https://www.skadden.com/-/media/files/publications/2023/11/lobbying\\_regulation\\_a\\_global\\_phenomenon.pdf?rev=1f1d811930774ab4a8d80fb432cf6c3](https://www.skadden.com/-/media/files/publications/2023/11/lobbying_regulation_a_global_phenomenon.pdf?rev=1f1d811930774ab4a8d80fb432cf6c3)

<sup>129</sup> United Nations Global Compact, “The Communication on Progress”, <https://unglobalcompact.org/participation/report/cop>

<sup>130</sup> As an alternative to the CoP Questionnaire, business participants may also upload their sustainability report.

<sup>131</sup> The Guidance organizes reporting elements by basic and desired reporting elements. Basic elements (Bx) are the basic level of reporting of a company's anti-corruption policies and procedures; desired elements (Dx) give the opportunity to report more extensively on policies and procedures. In addition, each reporting element includes an example of a reporting indicator from another initiative, such as the Global Reporting Initiative.

| Chapter                                                                                         | Reporting element                                                                                                                                                                                                                                                                                                                              | CoP Question  |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| III. B. Risk Assessment                                                                         | Description of risk management approach (e.g. how often it is carried out, who is in charge, which organizational units of the company are covered, how results are dealt with).                                                                                                                                                               | G6            |
| III. C. Policies and Procedures                                                                 | Company's statement of zero-tolerance of corruption, commitment to compliance with laws and ethical conduct (e.g. in the form of public code of conduct or separate anti-corruption policy).<br><br>Description of procedures and efforts regarding the statement of zero-tolerance (including additional policies for high-risk activities).  | AC2           |
| III. D. Communication and Training                                                              | Description of internal communication of the programme such as anti-corruption campaigns, management communications, departmental meetings, publications, business conduct guidelines, internet or intranet resources.<br><br>Description of anti-corruption training initiatives, including information on the compliance training framework. | AC3<br>AC3.1  |
| III. E. Rewarding Ethics and Compliance                                                         | Human resources procedures supporting the anti-corruption commitment or policy.                                                                                                                                                                                                                                                                | AC8           |
| III. F. Checks and Balances                                                                     | Description of internal checks and balances to ensure consistency and compliance.<br><br>Results of internal and external audits and reviews.                                                                                                                                                                                                  | AC4           |
| III. G. Detecting Wrongdoing and Whistle-blowing Programme                                      | Information on whistle-blowing channels and speak-up programmes as well as the investigation process.<br><br>Information on total number of confirmed incidents of corruption                                                                                                                                                                  | AC5           |
| III. H. Addressing Wrongdoing                                                                   | Description of process for disciplinary actions and remedial actions.<br><br>Information on legal cases and subsequent remedial actions.                                                                                                                                                                                                       | AC6,<br>AC6.1 |
| III. I. Application of the Anti-Corruption Ethics and Compliance Programme to Business Partners | Information on the company's due diligence process (in alignment with other corporate sustainability topics).<br><br>Information on standards expected from business partners (e.g. in public Supplier Code of Conduct).<br><br>List voluntary initiatives or collective actions in which the company participates.                            | AC7           |
| III. J. Measuring Effectiveness and Continuous Improvement                                      | Description of procedures for continuous improvement and evaluation of anti-corruption ethics and compliance programmes.                                                                                                                                                                                                                       | AC.1.1        |

» **Other forms of external communication to create transparency**

Apart from formal reporting and public disclosure of the company's transactions, companies are advised to reflect transparency in all their activities.<sup>132</sup> The following examples show how companies can proactively communicate externally to uphold a high level of transparency.

- Media requests that involve potential allegations of a company's misconduct should be handled openly and constructively;
- The company's senior management, including the management board may seek proactive engagement by speaking about anti-corruption or other corporate governance and sustainability topics at conferences, congresses, or with the media; and
- Companies can publish blog posts, position papers, or make public their policies on anti-corruption or other corporate governance and sustainability topics.

All these forms of communication help foster the company's reputation and increase the level of accountability a company is expected to uphold. Proactive communication on corporate governance and sustainability topics helps to raise public awareness for the importance of environmental, social and governmental topics. By doing so, companies actively contribute to steering societies towards the achievement of the Sustainable Development Goals.

<sup>132</sup> To the extent that it does not create risks to competitive intelligence and breaches with anti-trust laws.



V.

**GENERATING VALUE  
WITH COLLECTIVE  
ACTION**

*This chapter explains that collective action is essential for companies to effectively address systemic corruption risks and foster ethical business environments. By collaborating through anti-corruption declarations, principle-based initiatives, integrity pacts and certifying business coalitions, companies can overcome the limitations of acting alone, build trust and complement legal frameworks. Collective action also serves as a crucial vehicle for transformational governance, empowering the private sector to help shape global policy and standards in alignment with the Sustainable Development Goals. The chapter highlights practical examples, resources and the importance of learning platforms for both large enterprises and SMEs, emphasizing that joint efforts raise integrity standards, enhance market conditions and protect reputations.*

When acting individually, companies may find it too costly or risky to address systemic corruption risks, which can give undue advantage to unethical actors. By engaging in collective action, they can prevent and mitigate these risks more effectively. Such efforts help avoid the “prisoner’s dilemma,” where individual actors seek personal gain at the expense of broader ethical standards. Through concerted efforts and trust-building, companies come to realize that acting in their collective best interest is more beneficial than acting alone. This process often involves the creation of trust and integrity agreements, which foster fair and transparent market competition.<sup>133</sup>

#### » Collective action as a complement to legal frameworks

Collective action initiatives provide a platform for companies to collaborate and address systemic corruption risks more effectively than they could alone. By publicly committing to higher integrity standards and participating in joint efforts, companies can help create a more ethical business environment, enhance market conditions and protect their reputations. Companies that opt out of these initiatives may face reputational risks and negative assessments from stakeholders. Collective action can complement existing laws and regulations, especially in contexts where enforcement is weak or absent, and can be initiated by civil society organizations in high-risk sectors. One example where the business community initiated a complementary code of ethics to the existing legal framework is the “Code of Ethics for Business in Kenya.”<sup>134</sup>

#### » Collective action as a vehicle for transformational governance

Collective action initiatives serve as a catalyst for transformational governance by enabling companies to collaboratively raise integrity standards, safeguard their reputations and advocate for regulatory improvements — all of which are pivotal in combating corruption. Through sectoral partnerships or engagement with public institutions, companies can address systemic corruption and promote market transparency. In this way, collective action does more than complement traditional governance; it actively shapes transformational governance by empowering the private sector to help steer global policy and legal frameworks in alignment with the Sustainable Development Goals. This collaborative approach not only strengthens anti-corruption measures but also ensures that governance evolves to meet global challenges through shared responsibility and innovation.

<sup>133</sup> United Nations Global Compact, “Uniting Against Corruption: A Playbook on Anti-Corruption Collective Action”, 2021. [https://ungc-communications-assets.s3.amazonaws.com/docs/publications/2021\\_Anti-Corruption\\_Collective.pdf](https://ungc-communications-assets.s3.amazonaws.com/docs/publications/2021_Anti-Corruption_Collective.pdf)

<sup>134</sup> Global Compact Network Kenya, “Code of Ethics for Business in Kenya”, 2012. <https://www.globalcompactkenya.org/our-programmes/governance/code-of-ethics-for-business>

## » Types of collective actions

The four main types of collective action are outlined below.

- **Anti-corruption declarations:** These are voluntary, public commitments where signatories agree to avoid corruption during specific projects or transactions. Such declarations encourage open discussions about corruption risks and set clear expectations for behaviour among stakeholders.
- **Principle-based initiatives:** These are long-term, voluntary agreements where stakeholders commit to avoiding corruption in their daily business practices. The aim is to foster trust among competitors and encourage Governments to implement necessary anti-corruption laws and standards. This type of initiative helps build trust over time among various types of businesses, including multinational enterprises, large local companies and small and medium-sized enterprises.
- **Integrity pacts:** These are flexible tools designed to make public procurement more transparent and fairer, while reducing the risk of corruption. Typically, they are agreements between a government procurement authority and bidding companies. Tailored to each tender and country, they commit all parties to refrain from bribery, corruption or collusion. Integrity Pacts usually involve an independent monitor and a clear process for reporting, resolving and sanctioning integrity issues.
- **Certifying business coalitions:** These are sector-wide, long-term business integrity initiatives where compliance-related requirements must be met to obtain membership and join the initiative. Participation in such coalitions signals a company's commitment to integrity and ethical business practices.

### RESOURCE BOX 8

#### EXAMPLES OF COLLECTIVE ACTION

The Basel Institute on Governance launched the B20 Collective Action Hub<sup>135</sup> in 2013, which is the world's largest repository of anti-corruption collective action initiatives. The database allows for various filtering options so companies can find collective action initiatives according to their industry, country and profile. For instance, it is possible to find collective action initiatives specifically designed for SMEs. More recently, the UN Global Compact launched the Anti-Corruption Collective Action website<sup>136</sup> to showcase the efforts of the UN Global Compact Networks around the world.

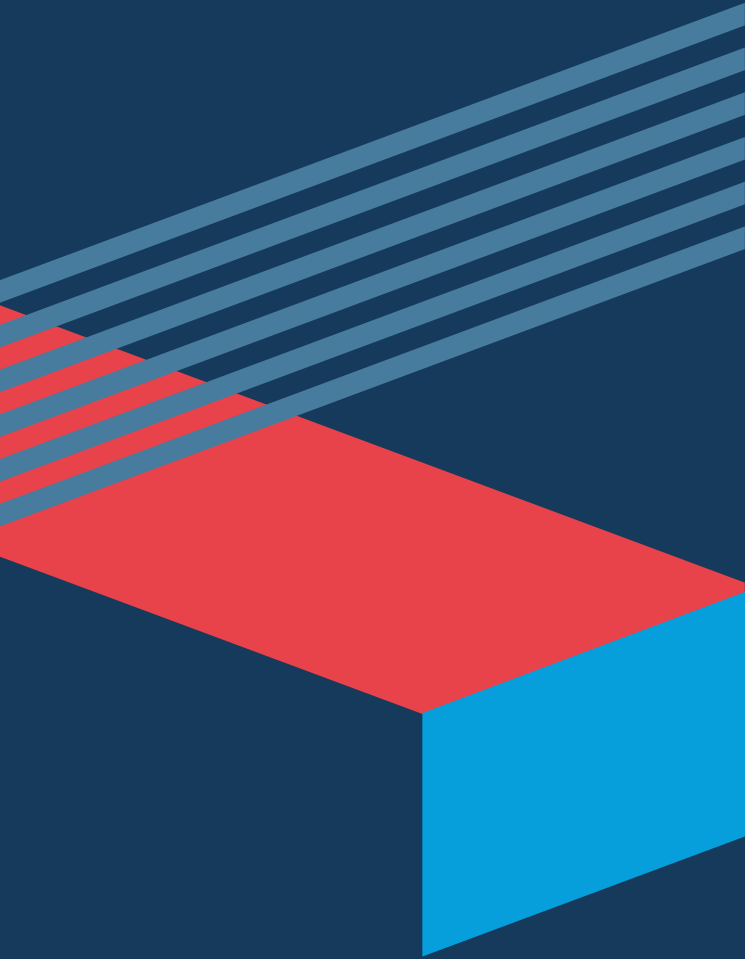
Companies that participate in collective action initiatives show their commitment to anti-corruption ethics and compliance activities, in line with many national and international standards and guidance that recommend including collective action in private-sector anti-corruption efforts. For example, amplifying collective action initiatives is the third of three policy recommendations made by the 2025 B20 Integrity & Compliance Task Force.<sup>137</sup> To hold G20 countries accountable, a key performance indicator (KPI) measures the proportion of G20 countries engaged in at least one ongoing collective action initiative where the government is actively involved or supportive.

<sup>135</sup> <https://collective-action.com/explore/initiatives/>

<sup>136</sup> <https://acca.unglobalcompact.org/>

<sup>137</sup> B20 South Africa, "Integrity and Compliance", 2025. <https://www.b20southafrica.org/wp-content/uploads/2025/09/B20-Integrity-and-Compliance.pdf>

Collective action also provides companies with a valuable learning platform. The proactive engagement with other companies, the public sector as well as civil society organizations helps companies to gain insights into potential problem-solving approaches. This is especially relevant for small and medium-sized companies (SMEs), but large companies also increasingly recognize the link between their sustainable success and meaningful engagement with external stakeholders. This is why transformational governance supports companies in fostering their ability to anticipate and respond to the growing complexities and challenges of today's business environment.



**VI.**

**ARTIFICIAL  
INTELLIGENCE AND  
ANTI-CORRUPTION  
ETHICS AND  
COMPLIANCE  
PROGRAMMES**

*This chapter examines how artificial intelligence (AI) is revitalizing anti-corruption efforts by enabling real-time monitoring of large datasets, detecting irregularities, automating audits and boosting transparency. It discusses opportunities like risk assessment tools, anomaly detection, predictive analytics, blockchain integration and AI-driven training and reporting. The chapter also highlights risks such as bias, security and privacy issues, lack of transparency and regulatory challenges, stressing the need for robust, ethical AI governance. It concludes by emphasizing interdisciplinary collaboration and ongoing oversight to harness AI's benefits while mitigating new risks in anti-corruption and compliance programmes.*

Artificial Intelligence (AI) includes a diverse range of technologies that can be defined as 'self-learning, adaptive systems.' It can be categorized based on technologies, purposes (like facial or image recognition), functions (such as language understanding and problem-solving), or types of agents (including robots and self-driving cars).<sup>138</sup> Over the last few years, AI has been implemented across various domains, demonstrating its potential to positively impact society. It can contribute to more efficient and transparent processes, stimulate economic growth, address environmental issues and enable breakthroughs in biological sciences, such as predicting protein folding. AI systems in healthcare have achieved performance comparable to, and occasionally exceeding, that of human experts in various diagnostic and decision-support tasks. Notable progress has also been made in language generation and understanding, a field traditionally viewed as a core area of human intelligence.

#### » AI and anti-corruption

The growing influence of AI in society has also facilitated the development of AI systems aimed at combating corruption. In the public sector, AI has been employed to predict corruption risks by analysing data from news media, police archives and financial reports. Algorithmic systems are regularly utilized in anti-money-laundering efforts, analysing large datasets of financial transactions to detect irregularities. These systems can flag specific transactions for further investigation or even restrict them before they occur.<sup>139</sup> The U4 Anti-Corruption Resource Centre provides various examples of specific AI use in corruption prevention and detection in the public sector.<sup>140</sup>

Artificial intelligence is revolutionising anti-corruption efforts by improving transparency and accountability. AI enables companies to monitor large datasets in real time, detect irregularities efficiently, automate data collection and visualize complex transactions. These advancements provide stakeholders with deeper insights and enhance regulatory compliance, while fostering public trust. Continuous monitoring analyses all process data in near real-time, allowing prompt identification and assessment of anomalies and risks.

<sup>138</sup> United Nations, "Global Issues: Artificial Intelligence (AI)", 2025.

<sup>139</sup> N. C. Köbis, C. Starke, J. Edward-Gill, "The Corruption Risks of Artificial Intelligence", Transparency International, 2022.

<sup>140</sup> U4 Anti-Corruption Resource Centre, "Harnessing Artificial Intelligence (AI) for Anti-Corruption", 2025.

## » Opportunities created by AI for anti-corruption ethics and compliance programmes

According to a survey conducted by Business at OECD (BIAC), the most frequently used AI technology is Machine Learning (ML), followed by Natural Language Processing (NLP). Both forms of AI are used to detect fraud, identify misconduct patterns and predict vulnerabilities, particularly in high-risk areas like public procurement and financial transactions.<sup>141</sup> Here are some specific examples of how AI can be applied to enhance anti-corruption ethics and compliance programmes:

### *Data analysis and monitoring*

- **Risk assessment tools:** Machine learning algorithms can assess the risk of corruption in various processes and suggest controls or measures to mitigate these risks. As such, AI could be used for contract review, but could also be used to review existing policies to identify gaps.
- **Anomaly detection:** AI algorithms can analyse vast amounts of data to identify unusual patterns or anomalies that may indicate corrupt practices, such as fraud, bribery, or embezzlement.
- **Predictive analytics:** Machine learning models can analyse historical data to predict potential corruption risks or hotspots, allowing companies to allocate resources more effectively.
- **Blockchain integration:** AI can work in conjunction with blockchain technology to ensure that transactions are transparent and tamper-proof, providing an immutable record of transactions that can be audited.
- **Smart audits:** AI can automate compliance checks and audits, identifying potential irregularities in financial records or procurement processes.

### *Capacity-building*

- **Policies and procedures:** Anti-corruption ethics and compliance practitioners can use generative AI assistants to create policies, questions and answer documents and other written materials. Also, AI can be used for translation of documents where needed.
- **Training and communication:** AI can be used to develop interactive training modules that educate officials and the public about anti-corruption measures and good practices. AI-powered chatbots can provide instant support and resources for individuals seeking information about corruption laws and reporting mechanisms. Additionally, AI-powered chatbots could help assess disclosed conflicts of interest risks and determine adequate mitigation measures.
- **Gap analysis:** AI can help identify grey areas that are not well regulated and identify areas for continuous improvement.

<sup>141</sup> Business at OECD (BIAC), "Harnessing AI for Integrity: Opportunities, Challenges, and the Business Case Against Corruption", Anti-Corruption Committee Paper, 2025. <https://www.businessatoecd.org/hubfs/Harnessing%20AI%20for%20Integrity.pdf?hsLang=en>

## GOOD PRACTICE BOX 10

### INSIGHTS FROM THE THINK LAB FOR BUSINESS INTEGRITY

One company participating in the Think Lab for Business Integrity shared a positive experience with an AI-supported tool that provides compliance guidance based on all available company policies. The tool “Easy Compliance” is a chatbot where personnel can describe their planned business activity and receive related guidance on dos and don’ts. Another company saw improved efficiency when they used AI-driven email screening during investigations. The machine learning tool continuously refined its email filtering based on chosen search terms. For example, one data set included 2 million emails that needed to be searched for twenty different keywords. This initial screening produced 150,000 matches, meaning a person would have to check those 150,000 emails for relevance. The AI then prompted users to identify about five emails that were truly relevant and five that included the search terms but were not helpful for the investigation. Using this feedback, the system re-examined the 150,000 emails and narrowed them down to approximately 10,000 emails. Users would review these results, train the tool further by clarifying which emails were relevant, and could also spot-check emails marked as irrelevant to adjust the AI’s choices if needed. Each time this exercise is repeated, the AI improves, and fewer irrelevant emails remain until only those that matter are left.

### *Strengthening reporting mechanisms and investigations*

**Automated reporting tools:** AI-driven tools can streamline the reporting process for whistle-blowers. Natural language processing (NLP) can help users understand and submit reports more easily. AI may also perform an initial analysis of the reports and immediately respond to whistle-blowers with follow-up questions to clarify the incident.

**Data mining:** AI can examine large datasets (e.g. emails, financial records) to identify evidence supporting or refuting the claims made in reports. This can be a fundamental support for investigation procedures.

In addition to the variety of opportunities that AI presents, its use also implies several risks relating to governance, societal impact and legal compliance.<sup>142</sup> In line with the notion of transformational governance, companies should proactively consider these risks and employ AI in an ethical, accountable and transparent manner.

### » **Risks associated with AI**

In recent years, the use of AI systems has surged across industries, and this trend is expected to continue. The McKinsey Global Survey<sup>143</sup> 2024 shows that 72% of companies used some form of AI, compared to just 55% in 2023.<sup>144</sup> This shows that AI systems not only have the potential to increase the efficiency of anti-corruption ethics and compliance programmes, but also enhance innovation, productivity and overall operational efficiency.

<sup>142</sup> IBM, “What is AI risk management?”, 2024. <https://www.ibm.com/think/insights/ai-risk-management>

<sup>143</sup> McKinsey & Company, “The State of AI in Early 2024: Gen AI Adoption Spikes and Starts to Generate Value”, 2024. <https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai#/>

<sup>144</sup> The online survey was conducted from 22 February to 5 March 2024, and garnered responses from 1,363 participants representing a broad range of regions, industries, company sizes, functional specialties and levels of experience.

However, the use of AI also entails legal and ethical risks that anti-corruption ethics and compliance programmes should address. A survey carried out by the UN Global Compact showed that companies associate the following key ethical risks with AI development:

- **Bias and fairness:** Algorithmic bias, perpetuation of societal inequalities and discriminatory outcomes.
- **Security and privacy:** Data breaches, data theft, surveillance and unauthorized access.
- **Job displacement and inequality:** Automation causing unemployment and widening wealth gaps.
- **Lack of transparency:** Difficulty in understanding AI decision-making processes.
- **Legal and regulatory concerns:** Inability to explain technology, lack of coherent regulation.
- **Adaptability without consent:** AI systems operating without user consent or understanding.
- **Scams and misinformation:** Reproduction of false information, manipulation.

The risks identified above are aggravated by a lack of global governance with respect to AI. Though ethics and principles are widely discussed, norms and institutions remain underdeveloped and incomplete.<sup>145</sup> Companies still face little regulatory scrutiny and specific requirements that must be complied with. Viewing these risks through a transformational governance lens implies that they need to be actively governed by appropriate policies and processes. AI should be used in an accountable, ethical, inclusive and transparent way.

The 2024 update of the US Department of Justice's 'Evaluation of Corporate Compliance Programs' sets forth the Criminal Division's expectations on how compliance programmes should assess and manage risk associated with AI and other emerging technologies. It also sets new expectations regarding the use of data, the resourcing of compliance programmes and whistle-blower protections. In short, the updated DOJ guidance calls for:

- AI governance in both commercial operations and compliance programmes;
- "Monitoring and testing" to ensure AI systems function as intended; and
- Rapid detection and correction of poor or inappropriate decisions made by AI.

Companies' anti-corruption ethics and compliance practitioners should also acknowledge that AI and other new technologies (such as cryptocurrency) may be misused to support new forms of corruption. To enable early detection of new corruption risks resulting from AI, it is important to continuously stay on top of technological possibilities and advancements.

## » AI governance

Given the ethical and legal considerations associated with AI-related risks, compliance functions should ensure and support robust AI governance in their companies. Such AI governance needs to reflect an interdisciplinary approach, involving all relevant stakeholders. AI governance comprises risk management, policies and procedures as well as the continuous monitoring of AI use cases. An AI policy should require all AI tools to be tested and reviewed before being employed in the company. Its aim must be to ensure that AI systems, among other things, respect privacy, are explainable, robust, fair and transparent.<sup>146</sup>

<sup>145</sup> United Nations, AI Advisory Body, "Governing AI for Humanity", 2024. [https://www.un.org/sites/un2.un.org/files/governing\\_ai\\_for\\_humanity\\_final\\_report\\_en.pdf](https://www.un.org/sites/un2.un.org/files/governing_ai_for_humanity_final_report_en.pdf)

<sup>146</sup> IBM, "What is AI Governance?", 2024. <https://www.ibm.com/think/topics/ai-governance>

### » Further outlook on AI and new technologies

AI and emerging technologies are poised to become increasingly integral to organizational operations, presenting significant opportunities as well as considerable risks. For anti-corruption, ethics and compliance professionals, it is imperative to proactively identify and address the evolving risks of corruption and bribery that these innovations introduce. Developing AI literacy and fostering a strong understanding of new technologies among practitioners is essential in mitigating these risks. Alongside advancements in AI, the adoption of cryptocurrencies represents another critical area requiring attention from anti-corruption experts.

The growth of blockchain technology and the expanding integration of cryptocurrencies into routine business practices have created additional avenues for fraudulent activity. A study by the Association of Certified Fraud Examiners found that among companies experiencing cryptocurrency-related payment fraud, 48% involved kickback payments and 43% involved converting stolen assets into cryptocurrency.<sup>147</sup>

In conclusion, as companies navigate the rapidly evolving landscape of AI and emerging technologies, it is crucial to maintain a vigilant and proactive approach to AI governance within anti-corruption ethics and compliance programmes. By fostering interdisciplinary collaboration, continuous education and robust oversight, companies can not only mitigate new risks but also harness the transformative potential of these innovations in support of ethical business practices. This chapter underscores the importance of adapting compliance strategies to address both current and future challenges, paving the way for integrity and accountability in an increasingly digital world.

To exemplify the opportunities as well as the risks associated with the use of AI technology, the reader is hereby informed that a generative artificial intelligence chatbot was used to help write the content of the section "Opportunities created by AI for anti-corruption ethics and compliance programmes." The prompt entered in the language model was "How can AI support anti-corruption ethics and compliance programmes". The resulting paragraphs were subsequently reviewed and edited by human authors who assessed the validity of the content based on insights gained from the Think Lab for Business Integrity as well as from research and training on AI applications in compliance programmes. The initial content suggested by the chatbot included some irrelevant elements and lacked the practical insights and experience contributed by the human authors.

<sup>147</sup> Association of Certified Fraud Examiners, "Occupational Fraud 2022: A Report to the Nations", 2023. <https://www.acfe.com/-/media/files/acfe/pdfs/rtrn/2022/2022-report-to-the-nations.pdf>



**ANNEXES**

## ANNEX A. EVALUATION OF ANTI-CORRUPTION ETHICS AND COMPLIANCE PROGRAMMES

The following tables support companies in evaluating the effectiveness of their anti-corruption ethics and compliance programmes. For further guidance on measuring programme effectiveness, please refer to the dedicated chapter J. in this *Guide*. The following tables provide examples of key criteria for each component of such a programme, matching the elements outlined in chapter III. Criteria are categorized as either basic or advanced: basic criteria emphasize essential traits especially relevant for small and medium-sized enterprises (SMEs) or companies just beginning to adopt a compliance programme, whereas advanced criteria pertain to higher standards associated with transformational governance. The last table highlights key criteria on transformational governance that show how effectively an anti-corruption ethics and compliance programme has been put into practice, in line with the three principles detailed in chapter II of the transformational governance framework.

Each table includes a documentation column and a rating scale from 1 to 5, where 1 indicates the lowest level of performance and 5 reflects very high performance. This scale enables a nuanced assessment of current practices and helps identify areas for improvement. The documentation column indicates which types of documents or information should be provided for the evaluation and assessment process.

| Effective Ethical Leadership                                                                                                                                                           | Documentation                                                                                                                              | Rating<br>(1-5) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>Evaluation Criteria – Basic</b>                                                                                                                                                     |                                                                                                                                            |                 |
| Senior and middle management act on recommendations, monitor outcomes and request updates on the implementation and effectiveness of anti-corruption ethics and compliance programmes. | Two most recent reports shared with the senior and middle management on the status of the anti-corruption ethics and compliance programme. |                 |
| Senior and middle management engage in continuous learning and development of their anti-corruption, ethics and compliance competence.                                                 | Training documentation on the last three training courses completed by senior and middle management.                                       |                 |
| Senior and middle management assign clear responsibilities for anti-corruption and other corporate governance and sustainability topics.                                               | Documents describing the delegation of responsibilities for anti-corruption and other corporate governance and sustainability topics.      |                 |
| Senior and middle management provide sufficient resources for the implementation and ongoing improvement of the programme.                                                             | Overview of the costs for anti-corruption ethics and compliance programme.                                                                 |                 |
| Senior and middle management communicate zero-tolerance of corruption and the importance of business ethics to their staff.                                                            | Communication / statements made by senior and middle management regarding zero-tolerance of corruption and importance of business ethics.  |                 |
| <b>Evaluation Criteria – Advanced</b>                                                                                                                                                  |                                                                                                                                            |                 |
| Corporate governance and sustainability goals must be incorporated into the company's core decision-making and governance processes.                                                   | Survey results from corporate governance and sustainability functions.                                                                     |                 |
| Performance indicators of senior management include a reflection of their support of the anti-corruption ethics and compliance programme.                                              | Performance indicators for senior management.                                                                                              |                 |
| Senior and middle management act as an ethical role model.                                                                                                                             | Results of a personnel survey question that captures the perception of senior and middle management.                                       |                 |

| Effective Risk Assessment                                                                                                                                                                | Documentation                                                                                                                                                                                                  | Rating (1-5) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Evaluation Criteria – Basic</b>                                                                                                                                                       |                                                                                                                                                                                                                |              |
| The company has defined the oversight function, operational design, operational roles and the process for corruption risk assessments.                                                   | <p>Documented responsibilities for performing the risk assessment and risk ownership.</p> <p>Process description of corruption risk assessment.</p> <p>Two most recent corruption risk assessment reports.</p> |              |
| The corruption risk assessment reflects the context of the company.                                                                                                                      | <p>Process description of corruption risk assessment.</p> <p>Two most recent corruption risk assessment reports.</p>                                                                                           |              |
| Corruption risks are identified by a review of organizational functions, brainstorming sessions, information on previous corruption cases and/or input from anonymous personnel surveys. | <p>Process description of corruption risk assessment.</p> <p>Two most recent corruption risk assessment reports and corresponding mitigation plan.</p>                                                         |              |
| Corruption risks are analysed through interviews with personnel, a detailed review of internal documentation and a review of existing anti-corruption controls.                          | <p>Process description of corruption risk assessment.</p> <p>Two most recent corruption risk assessment reports and corresponding mitigation plan.</p>                                                         |              |
| Corruption risks are evaluated against their probability of occurrence and the impact of occurrence.                                                                                     | <p>Process description of corruption risk assessment.</p> <p>Two most recent corruption risk assessment reports and corresponding mitigation plan.</p>                                                         |              |
| The corruption risk assessment is repeated on a regular basis.                                                                                                                           | <p>Process description of corruption risk assessment.</p> <p>Two most recent corruption risk assessment reports and corresponding mitigation plan.</p>                                                         |              |
| <b>Evaluation Criteria – Advanced</b>                                                                                                                                                    |                                                                                                                                                                                                                |              |
| Corruption risks are assessed using an integrated approach, alongside evaluations of corporate governance, sustainability and commercial risks.                                          | <p>Description of organizational functions and their respective responsibilities for corporate risk assessment.</p> <p>Process description of corruption risk assessment.</p>                                  |              |

| Effective Policies and Procedures                                                                                                                                                                             | Documentation                                                                                                                                                                                                | Rating (1-5) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Evaluation Criteria – Basic</b>                                                                                                                                                                            |                                                                                                                                                                                                              |              |
| The company has implemented a code of ethics or similar document which captures all corporate governance and corporate sustainability topics.                                                                 | Code of ethics or similar document.<br>Translated versions.                                                                                                                                                  |              |
| Anti-corruption policies and procedures have been implemented for all high-risk activities such as gifts and hospitality, conflicts of interest, interaction with government officials, etc.                  | Written policies.<br>Mapping of policies against risk assessment.                                                                                                                                            |              |
| Senior and middle management supported the implementation of anti-corruption policies and procedures by a respective communication.                                                                           | Written communication.<br>Description of verbal communication activities.                                                                                                                                    |              |
| Anti-corruption policies are regularly updated to ensure alignment with all applicable laws.                                                                                                                  | Confirmation by external legal counsel or legal function.                                                                                                                                                    |              |
| The code and anti-corruption policies are written in a non-technical language, are easy to understand, have an adequate length and are gender-sensitive.                                                      | Consolidated feedback from personnel gathered through evaluation forms or interviews.                                                                                                                        |              |
| Anti-corruption policies are translated into all required languages so personnel can easily understand their content.                                                                                         | Overview of countries and regions in which company operates.<br>Translated versions.                                                                                                                         |              |
| <b>Evaluation Criteria – Advanced</b>                                                                                                                                                                         |                                                                                                                                                                                                              |              |
| Anti-corruption policies and procedures were developed in consultation with all relevant stakeholders such as internal functions that need to apply the policies and procedures, works council, trade unions. | List of stakeholders involved in policy development process.                                                                                                                                                 |              |
| Anti-corruption policies are rolled out to all relevant personnel using state-of-the-art technology and their acknowledgement and understanding has been documented.                                          | Description of rollout process and statistics (% of employees that confirmed to have read and understood the policies).<br>Survey and interview results reflecting the degree of understanding of personnel. |              |

| Effective Communication and Training                                                                                                                                                                       | Documentation                                                                                                                                                                                                        | Rating (1-5) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Evaluation Criteria – Basic                                                                                                                                                                                |                                                                                                                                                                                                                      |              |
| A communication strategy is implemented, which includes a variety of communication activities.                                                                                                             | Communication strategy or plan.<br>Documentation of communication activities.                                                                                                                                        |              |
| Training content is developed with the consideration of the audience, cultural aspects and the specific needs.                                                                                             | Training material and description of target group.<br>Feedback results indicating the level of relevance of the training.                                                                                            |              |
| Standardized anti-corruption training is provided to all relevant stakeholders and new joiners are automatically enrolled.                                                                                 | Training statistics on standardized training modules.                                                                                                                                                                |              |
| Senior and middle management actively participate in training modules and visibly demonstrate their engagement and participation.                                                                          | Training records documenting the attendance of all relevant members of management .                                                                                                                                  |              |
| All communication and training efforts are consistently evaluated and documented.                                                                                                                          | Survey results indicating the level of consistency in compliance communication.                                                                                                                                      |              |
| The compliance function communicates proactively and regularly with the business units in the company that are exposed to high corruption risks providing tailored guidance on compliance-related matters. | Survey results indicating the level of pro-activeness of the compliance function.<br>Statistics on interactions of the compliance function with other business units (e.g. number of emails, phone calls exchanged). |              |
| Evaluation Criteria – Advanced                                                                                                                                                                             |                                                                                                                                                                                                                      |              |
| Communication and training content is engaging, example-based and incorporates innovative insights from learning theories (e.g. storytelling).                                                             | Feedback results indicating the level of appeal of the training.<br>Results of tests, survey or interviews that were performed after completion of training.                                                         |              |
| Communication and training methods employ innovative and state-of-the-art technology.                                                                                                                      | Information on training methods used.                                                                                                                                                                                |              |
| Senior and middle management actively include anti-corruption ethics and compliance expectations in their formal communications.                                                                           | Formal communications from management that reflect expectations regarding ethics and compliance.                                                                                                                     |              |

|                                                                                                                                   |                                                                                                                                                                                             |  |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| The communication and training strategy and plans are integrated into the company's overall communication and training framework. | Written information on the company training framework and strategy.<br><br>Survey or feedback results indicating personnel perception of company's communication and training cohesiveness. |  |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

| Effective Rewards for Ethics and Compliance                                                                                                                     | Documentation                                                                                                                                                                        | Rating (1-5) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Evaluation Criteria – Basic</b>                                                                                                                              |                                                                                                                                                                                      |              |
| Senior and middle management appraise the compliance function.                                                                                                  | Any form of communication showing the appraisal of senior and middle management (e.g. townhall slides, email communication).                                                         |              |
| Annual performance ratings reflect support to the anti-corruption ethics and compliance programme.                                                              | Templates and/or methods for performance ratings.                                                                                                                                    |              |
| Personnel promotions reflect adherence to company standards and values.                                                                                         | Standard description of the promotion process.<br>Description of job levels and associated requirements.<br>Personnel interviews to gauge awareness and effectiveness of incentives. |              |
| Financial rewards that are tied to individual personnel performance ratings.                                                                                    | Templates and/or methods for performance ratings.                                                                                                                                    |              |
| <b>Evaluation Criteria – Advanced</b>                                                                                                                           |                                                                                                                                                                                      |              |
| Positive incentives are provided to teams that demonstrate outstanding performance in anti-corruption ethics and compliance programmes.                         | Description of the incentive.<br>Objective criteria to obtain the incentive<br>Evidence of incentive distribution, where applicable.                                                 |              |
| The company's support for its anti-corruption ethics and compliance programme is reflected in the KPIs used to assess senior and middle management performance. | Example KPIs for senior and middle management.<br><br>Evidence that these KPIs incorporate ethics and compliance-related objectives.                                                 |              |

| Effective Checks and Balances                                                                                                                                                            | Documentation                                                                                                                                        | Rating (1-5) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Evaluation Criteria – Basic                                                                                                                                                              |                                                                                                                                                      |              |
| Checks and balances adequately reflect corruption risks and are neither excessive nor insufficient.                                                                                      | Overview of all checks and balances, including a rationale explaining their design and proportionality.                                              |              |
| All transactions, assets and liabilities are accurately and fairly reflected in the company's books and records, described in reasonable detail and supported by original documentation. | Overview of the company's books and records (e.g. general ledger overview).<br><br>Documentation standards and audit trail requirements.             |              |
| All transactions are recorded exclusively in the company's official books. Off-the-books accounts are prohibited.                                                                        | Prohibition on off-the-books accounts<br>Description of the company's source-to-pay process.                                                         |              |
| Transactions, assets and liabilities are recorded promptly and in chronological order.                                                                                                   | Description of the company's accounting procedures.<br><br>Documentation standards ensuring timely and sequential recording.                         |              |
| Books and records are safeguarded to prevent intentional or unintentional destruction, improper or unauthorized alterations, or disclosure.                                              | Description of the company's accounting system.<br><br>Overview of IT access rights and controls.                                                    |              |
| Every transaction is consistently recorded from initiation to completion.                                                                                                                | Sample payment records with related documentation.<br><br>Evidence of end-to-end traceability in financial processes.                                |              |
| Preventive controls are integrated into the underlying business processes.                                                                                                               | Description of the preventive controls in place.<br><br>Explanation of how these controls are integrated into operational workflows.                 |              |
| A monitoring framework is implemented and guarantees regular testing of internal controls and status of other compliance elements (e.g. training completion progress).                   | Description of monitoring framework.<br><br>Latest test results (including review of segregation of duties, spot checks of financial documentation). |              |
| An internal independent or external audit function regularly reviews the anti-corruption ethics and compliance programme.                                                                | Latest audit report on the anti-corruption ethics and compliance programme.                                                                          |              |

| Effective Detection of Wrongdoing                                                                                                             | Documentation                                                                                                                            | Rating<br>(1-5) |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Evaluation Criteria – Basic                                                                                                                   |                                                                                                                                          |                 |
| Senior and middle management actively communicate and demonstrate the non-retaliation principle in their daily work.                          | Example of communication.<br>Personnel survey results regarding awareness of communications from management.                             |                 |
| The organizational culture enables psychological safety and upholds values that encourage reporting misconduct.                               | Personnel survey results regarding psychological safety and organizational values.                                                       |                 |
| A whistle-blowing programme is in place which allows personnel and external stakeholders to report potential misconduct.                      | Description of whistle-blowing programme.<br>Whistle-blowing policy.                                                                     |                 |
| The whistle-blowing programme enables and allows for anonymous reporting of concerns.                                                         | Description of whistle-blowing programme.<br>Whistle-blowing policy.                                                                     |                 |
| Communication and training on the whistle-blowing programme provide information on the company's reporting channels.                          | Written communication and/or training material.<br>Personnel survey results regarding knowledge of the company's reporting channels.     |                 |
| Communication and training on the whistle-blowing programme provides information on the investigations process.                               | Written communication and/or training material.                                                                                          |                 |
| The organizational function responsible for investigations has an official mandate from senior management to conduct internal investigations. | Formal mandate.                                                                                                                          |                 |
| The process for managing incoming reports ensures confidentiality, professional conduct and is in line with applicable laws.                  | Description of investigation process.<br>Review of the company's handling of past investigations, including timeliness and thoroughness. |                 |
| The process for managing incoming reports is formally documented.                                                                             | Formal process documentation.                                                                                                            |                 |

| Evaluation Criteria – Advanced                                                                                                          |                                                                      |  |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--|
| Senior management receives periodic reports on detected misconduct or irregular practices, compiled from internal and external sources. | Example report provided to senior management.                        |  |
| The whistle-blowing programme is gender-sensitive and responsive.                                                                       | Description of whistle-blowing programme.<br>Whistle-blowing policy. |  |
| Communication and training on the whistle-blowing programme clarify the difference between wrongdoing and grievances.                   | Written communication and/or training material.                      |  |

| Effective Response to Wrongdoing                                                                                                                                    | Documentation                                                                                            | Rating (1-5) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------|
| Evaluation Criteria – Basic                                                                                                                                         |                                                                                                          |              |
| Disciplinary actions are consistent with applicable legal requirements.                                                                                             | Description of process to determine disciplinary actions.                                                |              |
| Disciplinary actions are relevant and proportionate.                                                                                                                | Description of process to determine disciplinary actions.                                                |              |
| Disciplinary actions are applied consistently.                                                                                                                      | Description of process to determine disciplinary actions.                                                |              |
| Disciplinary actions are documented and monitored.                                                                                                                  | Anonymized database of disciplinary actions.<br>Sample proof of implementation of a disciplinary action. |              |
| Remedial actions are defined when potential improvements to the anti-corruption ethics and compliance programme (including policies and procedures) are identified. | Sample investigation report outlining remedial actions.<br>Description of investigation process.         |              |
| Remedial actions are documented and monitored.                                                                                                                      | Database for remedial actions.<br>Description of investigation process.                                  |              |
| Evaluation Criteria – Advanced                                                                                                                                      |                                                                                                          |              |
| A root cause analysis is conducted for every wrongdoing.                                                                                                            | Sample root cause analysis.<br>Description of investigation process.                                     |              |
| The company proactively discloses potential misconduct to the authorities where appropriate.                                                                        | Example of voluntary and pro-active disclosure.<br>Process description for pro-active self-disclosure.   |              |

| Effective Application of the Anti-Corruption Ethics and Compliance Programme to Business Partners                                                 | Documentation                                                        | Rating (1-5) |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------|
| Evaluation Criteria – Basic                                                                                                                       |                                                                      |              |
| Risks associated with business partners are assessed through a due diligence process.                                                             | Description of due diligence process.                                |              |
| Expected standards on anti-corruption ethics and compliance are formalized in a dedicated document (e.g. Supplier Code of Conduct).               | Copy of relevant document.                                           |              |
| Expected standards are communicated transparently to business partners.                                                                           | Sample communication.                                                |              |
| When receiving information about potential wrongdoing by a business partner, follow-up actions are taken to clarify the matter.                   | Description of due diligence or business partner management process. |              |
| Where business partners are found to engage in wrongdoing, appropriate action is taken. In severe cases, the business relationship is terminated. | Description of due diligence or business partner management process. |              |
| All activities involving business partners are transparently and formally documented.                                                             | Records or database of business partner activities.                  |              |
| Evaluation Criteria – Advanced                                                                                                                    |                                                                      |              |
| Business partners are monitored and audited based on risk.                                                                                        | Results of business partner monitoring or audits.                    |              |

| Effective Continuous Improvement                                                                                                                                                                                    | Documentation                                                                                                                                                                                                                       | Rating (1-5) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Evaluation Criteria – Basic</b>                                                                                                                                                                                  |                                                                                                                                                                                                                                     |              |
| Personnel are actively invited and asked to provide feedback on policies (e.g. via surveys or feedback forms). Policies are updated regularly based on this input.                                                  | List of questions posed in personnel survey (not the results). Previous versions of policies as well as latest version of policies.                                                                                                 |              |
| Periodic personnel surveys are conducted to allow more insights into the organizational culture.                                                                                                                    | List of questions posed in personnel survey (not the results).                                                                                                                                                                      |              |
| Periodic personnel surveys are conducted to analyse personnel perceptions of ethical leadership.                                                                                                                    | List of questions posed in personnel survey (not the results).                                                                                                                                                                      |              |
| Senior and middle management, along with the compliance function, continuously encourage feedback on the anti-corruption ethics and compliance programme.                                                           | Examples of communication asking for feedback.                                                                                                                                                                                      |              |
| All feedback and insights are documented and follow-up measures are monitored.                                                                                                                                      | Received feedback on anti-corruption ethics and compliance programme and relevant follow-up measures.                                                                                                                               |              |
| <b>Evaluation Criteria – Advanced</b>                                                                                                                                                                               |                                                                                                                                                                                                                                     |              |
| Periodic personnel and third party surveys are conducted to receive targeted feedback on specific elements of the anti-corruption ethics and compliance programme.                                                  | List of questions posed in personnel survey (not the results).                                                                                                                                                                      |              |
| Each training module includes an evaluation form to collect feedback on the relevance, appeal and understanding of personnel regarding the training.                                                                | Training evaluation form.                                                                                                                                                                                                           |              |
| After submitting a report through the company's whistle-blowing programme and upon the closure of a case, a standard feedback form is sent to personnel.                                                            | Whistle-blowing feedback form.                                                                                                                                                                                                      |              |
| The company actively participates in multi-stakeholder working groups, integrity pacts or other collective action initiatives to learn from good practices and positively influence the wider business environment. | <p>List of working groups or collective action initiatives the company is involved in and a description of the company's role.</p> <p>Case studies or interviews with external partners involved in the respective initiatives.</p> |              |

| Transformational Governance                                                                                                                              | Documentation                                                                                                                                                                             | Rating (1-5) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Evaluation Criteria – Advanced                                                                                                                           |                                                                                                                                                                                           |              |
| The anti-corruption ethics and compliance programme is aligned with the corporate strategy and with other corporate governance and sustainability goals. | <p>Strategy papers.</p> <p>Organizational goal descriptions.</p> <p>Any document outlining the strategy on corporate governance and sustainability.</p>                                   |              |
| Anti-corruption and other corporate governance and sustainability topics are well aligned in a concerted approach.                                       | <p>Outline on organizational governance.</p> <p>Strategy paper showing alignment of corporate governance and sustainability topics.</p> <p>Documents reflecting functional alignment.</p> |              |
| Design and improvement plan of the anti-corruption ethics and compliance programme are coordinated and aligned with all relevant stakeholders.           | Documents showing and exemplifying the involvement of stakeholders per programme element.                                                                                                 |              |
| Interactive processes provide stakeholders with meaningful ways to participate in the anti-corruption ethics and compliance programme.                   | Examples and relevant records showing interaction between anti-corruption ethics and compliance practitioners and other organizational functions.                                         |              |
| Companies publicly report on key elements of their anti-corruption ethics and compliance programme.                                                      | All public reporting records.                                                                                                                                                             |              |
| The company pro-actively communicates its standards on its website or in position papers.                                                                | Policies, position papers or any other document available on company website.                                                                                                             |              |
| The company takes part in collective action initiative(s).                                                                                               | Name of collective action initiative where the company participates.                                                                                                                      |              |

## ANNEX B. OVERVIEW OF RESOURCES

This *Guide* includes a series resource boxes in the various chapters. This annex provides an overview of all resources mentioned throughout the *Guide*.

### 1. Risk Assessment

United Nations Office on Drugs and Crime. State of Integrity: A Guide on Conducting Corruption Risk Assessments in Public Organizations. Available at [https://www.unodc.org/documents/corruption/Publications/2020/State\\_of\\_Integrity\\_EN.pdf](https://www.unodc.org/documents/corruption/Publications/2020/State_of_Integrity_EN.pdf)

United Nations Office on Drugs and Crime. Corruption Risk Assessment Tool for SMEs. Available at <http://romenacratoool.unodc.org/RiskAssessment.php>

United Nations Global Compact. A Guide for Anti-Corruption Risk Assessment. Available at <https://unglobalcompact.org/library/411>

Business Integrity Myanmar. Corruption Risk Assessment Tool. Available at <https://assessment.businessintegritymyanmar.org/>

### 2. Training and Guidance

United Nations Global Compact. Transformation Governance Corporate Toolkit. Available at <https://unglobalcompact.org/what-is-gc/our-work/governance/transformational-governance/transformational-governance-corporate-toolkit>

United Nations Global Compact and United Nations Office on Drugs and Crime. E-learning course "Doing Business with Integrity". Available at <https://unglobalcompact.org/academy/course-library/doing-business-integrity>

United Nations Office on Drugs and Crime. University Module Series on Anti-Corruption. Available at <https://grace.unodc.org/grace/en/academia/module-series-on-anti-corruption.html>

United Nations Office on Drugs and Crime. University Module Series on Integrity and Ethics. Available at <https://grace.unodc.org/grace/en/academia/module-series-on-integrity-and-ethics.html>

United Nations Office on Drugs and Crime. Tools and Resources for Anti-Corruption Knowledge (TRACK) platform. Available at <https://track.unodc.org/>

International Chamber of Commerce. ICC Anti-corruption Third Party Due Diligence: A Guide for Small- and Medium-sized Enterprises. Available at <https://iccwbo.org/wp-content/uploads/sites/3/2015/07/ICC-Anti-corruption-Third-Party-Due-Diligence-A-Guide-for-Small-and-Medium-sized-Enterprises.pdf>

### 3. Policy Templates

United Nations Office on Drugs and Crime. Model Code of Conduct. Available at [https://businessintegrity.unodc.org/bip/uploads/documents/resources/Model\\_Code\\_of\\_Conduct.pdf](https://businessintegrity.unodc.org/bip/uploads/documents/resources/Model_Code_of_Conduct.pdf)

United Nations Office on Drugs and Crime. Model Speak Up Policy. Available at [https://businessintegrity.unodc.org/bip/uploads/documents/resources/Model\\_Speak\\_up\\_Policy.pdf](https://businessintegrity.unodc.org/bip/uploads/documents/resources/Model_Speak_up_Policy.pdf)

### 4. Collective Action Initiatives

United Nations Global Compact. Uniting against Corruption: A Playbook on Anti-Corruption Collective Action. Available at <https://unglobalcompact.org/library/5896>

United Nations Global Compact. Anti-Corruption Collective Action website. Available at <https://acca.unglobalcompact.org>

United Nations Office on Drugs and Crime. UNODC Business Integrity Portal. Available at <https://businessintegrity.unodc.org>

Basel Institute on Governance. Collective Action Initiatives. Available at <https://collective-action.com/explore/initiatives/>

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