

**Connecting the anti-corruption and human rights agendas:  
A guide for business and employers' organisations**

## ▲ INTRODUCTION

Business contributes to our societies, generating innovation, providing employment and fostering growth. Business fully recognises the importance of engaging in responsible business conduct, including the fight against corruption and the respect of human rights, and seeking to prevent and mitigate potential adverse impacts in line with legal requirements, where applicable, and expectations set out in internationally recognised frameworks, such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines).

The anti-corruption and human rights agendas have much in common. Corrupt practices and human rights abuses share many of the same root causes, frequently occur in areas in which there is weak governance and pose similar risks to companies (reputational, financial, legal, operational, etc.). Moreover, there often exist interlinkages between the two areas.

However, while the two agendas exist in parallel, they also have important differences. Corruption and human rights issues often involve different actors, laws, regulatory considerations, business standards and practices. As a result the agendas drive different (and often siloed) government and company approaches to understanding and responding to these potentially interrelated and significant societal challenges.

As experience of companies with widely recognized global standards on responsible business conduct (RBC) and human rights increases, there is growing recognition of the potential value of a more coordinated approach to anti-corruption and human rights where appropriate.

### **Thus, this guide has the following aims:**

- (1) To compare and analyse the anti-corruption and human rights agendas to help businesses and business/employers' organizations understand the synergies and differences in standards, policies and approaches.
- (2) To contribute to emerging policy discussions that seek to broaden and deepen company action on anti-corruption and human rights, recognizing that there are linkages between the two fields.
- (3) To support those working on corruption risk and those working on human rights risk in companies with practical tips, strategies and business experiences on how they can learn from each other and join forces where suitable by proposing a number of practical questions for self-assessment.
- (4) To provide users of this guide with an overview of the vast array of resources that exist in the fields of anti-corruption and human rights.

However, under no circumstances is this guide intended as a basis or reference point for any legislative initiative or binding legislation. In effect, the purpose of this guide is to provide companies with ideas on how synergies between the human rights and corruption agendas could potentially be linked but not to develop into yet another prescriptive area of expectations imposed on business.

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This document is a living document. The intention is to regularly update it to reflect ongoing policy developments and learnings from company approaches to manage corruption and human rights risks.

### **Contact us:**

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## ▲ PART I: DESCRIPTION OF THE TOPICS AND LANDSCAPE

### Links between corruption and human rights

Corruption, in all its forms, and adverse human rights impacts have several features in common. Both can have disastrous effects on people, the overall business environment and the rule of law. There is thus a common interest in having programs in place that foster and incentivize RBC in business activities and partnerships.

More explicitly, corruption damages economies and the provision of essential public services, hampers the fight against poverty, undermines the rule of law and erodes peoples' trust in institutions. It is a major disincentive to investment, it distorts markets and creates an uncondusive business environment. Corruption also severely hurts people's standard of living, equal opportunities and the quality of public goods on offer. Furthermore, corruption has a disproportionate impact on the poor and most vulnerable as it can result in increased costs and reduced access to services in health, education and justice. Last but not least, corruption may also create an environment that is permissive of human rights abuses.

Corruption is a crime that can also undermine human rights as unsafe working conditions are often facilitated by bribery and other corrupt practices. The 2013 Rana Plaza tragedy in Bangladesh, for instance, was, amongst other factors, caused by corruption in the building inspection process. Illegal logging for the extraction of palm-oil is another instance where corruption can cause significant damage to communities in addition to reinforcing environmental degradation, deforestation and threatening endangered species.

Corruption, human rights' abuses, poverty and weak institutions often share similar root causes and thrive in similar environments. This generates a correlation between human rights challenges and corruption so that countries with high rates of corruption (or perception of corruption) are often associated with particularly weak human rights records.<sup>1</sup>

### Global convergence on the anti-corruption and human rights agendas

All around the world, companies are subject to a number of expectations in relation to their activities and business relationships. These expectations are set out in globally relevant, government-backed frameworks such as the **OECD Guidelines for Multinational Enterprises** (OECD Guidelines), the **UN Guiding Principles on Business and Human Rights** (UNGPs) and the **ILO MNE Declaration on Fundamental Principles and Rights at Work** - which have been developed through extensive, global dialogue and have influenced a wide array of measures, standards, and principles.

Efforts to fight corruption and respect human rights also come together under the “umbrella” of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). The SDGs strive to enable a world in which “no one is left behind” and are comprised

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<sup>1</sup> For example, the countries ranked at the bottom of Transparency International's “2019 Corruption Perception Index”, Venezuela, Yemen, Syria, South Sudan and Somalia, are also known to perform poorly in the human rights dimension.

of explicit targets, such as eradicating hunger, ensuring good healthcare, gender equality, decent work and “substantially reducing corruption and bribery”.

## Differences between the anti-corruption and human rights agendas

Both human rights and anti-corruption are important aspects of the RBC agenda. At the same time, the following differences between the anti-corruption and human rights agendas explain why they are often looked at using different policy approaches and separate company governance processes.

- **Corruption** does not have a universal definition but is defined by different laws applicable to respective jurisdictions. Commonly recognized actions include “active or passive misuse of the powers of public officials (appointed or elected) for private financial or other benefits”.<sup>2</sup> Corruption can be classified as “grand”, “petty” and “political” and it can take many forms including: bribery, extortion, nepotism, embezzlement and fraud. Corruption is also a precursor of money laundering.

### Grand, petty and political corruption:

- Grand corruption consists of high-level government acts that distort policies or the central functioning of the State, enabling leaders to benefit at the expense of the public good.
- Petty corruption refers to everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who are often trying to access basic goods or services in places like hospitals, schools, police departments and other agencies.
- Political corruption is a manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.

### Some expanded characterizations of corruption:

- Bribery: The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal or a breach of a legal obligation. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.). There is a ‘supply’ side to bribery (the act of offering, promising or giving a bribe) and a ‘demand’ side to bribery (which relates to accepting, receiving or demanding bribes).
- Extortion: A public official threatening to use (or abuse) State power to induce the payment of a bribe.
- Nepotism and Cronyism: Public-sector jobs or benefits being illegally channelled to family and friends to the benefit of the decision-makers’ own interests.
- Embezzlement: A public official appropriating funds and diverting their use.
- Fraud: A public official using deception to convince the owner of funds or assets to give them up to an unauthorized party.

- **Human rights** are inherent to all people regardless of race, sex, nationality, ethnicity, language, religion or any other status. Expectations with respect to human rights are set out by the International Bill of Human Rights (the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the 9 core human rights conventions<sup>3</sup>, clarifying what can be understood globally as a common ‘minimum’, as well as the UN Guiding

<sup>2</sup> [OECD Glossary of Statistical Terms](#)

<sup>3</sup> [United Nations Human Rights Office of the High Commissioner \(OHCHR\) The Core International Human Rights Instruments and their monitoring bodies](#)

Principles on Business and Human Rights (UNGPs), providing a global authoritative framework for State duties and business responsibilities to prevent, address and remedy human rights abuses in business operations (see Part II).

- The International Bill of Human Rights sets out, among others, the right to equality, freedom from discrimination, the right to life, liberty, personal security, freedom from slavery, freedom from torture and degrading treatment, the right to own property, the right to education, freedom of opinion and information, freedom from interference with privacy, family, home and correspondence, the right to social security, and the right to adequate living standard.
- The International Labour Organisation's (ILO) "Declaration on Fundamental Principles and Rights at Work" further sets out human rights particularly relevant to both employers and employees, ranging from freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour to the elimination of discrimination in respect of employment and occupation.

- Focus: Anti-corruption efforts focus on deterring corruption through criminalisation and place an emphasis on the perpetrators. Companies create and enforce anti-bribery programs, policies and procedures that act to prohibit and protect themselves from involvement with or connection to any forms of corruption with a focus on individual conduct.

On the other hand, human rights efforts mainly focus on risks to rights-holders and take a victim-centred perspective. With their human rights programs, companies aim to identify and address potential adverse human rights impacts which they may cause, contribute, or be directly linked to through their products, services, or business relationships.

- Scope: While the scope of corruption is generally broad, it is still possible to limit corruption, notably bribery, to a number of actions and topics - something that is reflected by many global standards and regulations. By contrast, the range of human rights is much wider and related to a vast number of areas of corporate practices and business relationships.<sup>4</sup>

Nonetheless, anti-corruption efforts may be regarded as one important consideration of the human rights agenda. Human rights programs should therefore include anti-corruption considerations. Conversely, the effectiveness of human rights programs is impacted by the degree to which corruption is adequately addressed.

- Approach: Owing to the above differences, the anti-corruption and human rights regimes typically involve differing stakeholders (within government, business and civil society), nomenclature, and corporate approaches. Anti-corruption efforts are usually compliance focused, based on clear legally binding and enforceable laws and standards.
- Organisation: As such, companies' efforts on these agendas often take place via separate company processes, governance and oversight. Responsibility for companies' anti-corruption work tends to be led by legal compliance departments, while human rights efforts tend to be managed by sustainability, corporate responsibility, supply chains and/or labour teams within a company, focusing on the "responsibility to respect" human rights.

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<sup>4</sup> There are notable exceptions. Some laws focus on specific human rights issues not an open-ended range, such as the Australian and UK Modern Slavery Acts and the Dutch Child Labour Due Diligence Law.

## **A growing focus on a coordinated approach**

Many of the differences between the concepts of human rights and anti-corruption outlined above can be seen as two sides of the same coin. In particular, the interlinkages between corruption and human rights, where corrupt acts can contribute to adverse human rights impacts and where a lack of respect for human rights often goes hand in hand with poor outcomes in the fight against corruption call for better coordination and understanding of the two agendas. Looking for synergies in the fight against corruption and the promotion of human rights, where appropriate, can thus be mutually reinforcing.

Moreover, fostering a coordinated consideration of the two issues may also help develop an understanding of a broader notion of business integrity/ethics that goes beyond mere compliance. It can also reduce the risks of reputational and financial exposure, reduce barriers to achieving desired outcomes for either agenda, contribute to corporate sustainability and profitability and provide a number of other concrete benefits as will be outlined in more detail in the following sections.

Existing policy discussions and activities on the nexus between corruption and human rights include a broad range of topics:

- **State institutions and country contexts**

States are responsible for preventing and eradicating corruption, properly managing public affairs, and fostering a culture that condemns corruption. Similarly, States have the primary duty to protect their citizens and other individuals within their jurisdiction against human rights abuses, including by third parties such as business enterprises.

A major challenge in combatting corruption and human rights abuses relates to the weakness of State institutions. Some countries still face gaps in statutory legislation and struggle with poor enforcement of existing laws and regulations, ineffective administrative measures, and the inability of victims to access justice. Corruption and human rights abuses can also be facilitated by certain institutional structures, such as the concentration of power in the hands of a few, and environments in which misconduct remains undiscovered and unpunished.

In addition, some countries face systemic challenges such as poverty and informal work, which make it even harder to identify, address and prevent corruption and adverse human rights impacts. Countries affected by conflict, or emerging from conflict have similar challenges related to prevention.

Meanwhile, failures by States to combat both corruption and human rights abuses remain a major problem, invite global scrutiny and deter investment and trade. At the same time, corruption erodes public trust and reduces the confidence in the State to deliver remediation or penalty. Moreover, without State intervention and efforts to improve the respect for the rule of law, business may not be able to be fully successful in combatting corruption and human rights abuses.

- **The State as an economic actor**

The role of the State as an economic actor in its own right is another topic that is gaining increased attention. Two specific areas that can relate to corruption and human rights are:

- i. Public procurement: Governments spend trillions of dollars each year buying goods and services for public projects (e.g. schools, hospitals, defence, power plants and other infrastructure projects etc.). In OECD countries, for example, goods and services procured by public bodies account for approximately 12% of GDP. Lack of transparency and complex procurement arrangements can increase corruption and human rights risks.
- ii. State-owned enterprises (SOEs): SOEs are playing an increasingly important role in the global economy: while they account for approximately one fifth of the world's largest companies, they are also reinforcing their presence in international markets and are strengthening their links in global value chains. As such, there is an increased spotlight on how States should behave in their role as a company owner and the ways in which their ownership model and business activities align with international standards on corruption and human rights. As evidenced by international corruption prosecutions, SOEs may be particularly susceptible to corruption. In part, this is due to the fact that SOEs often control large amounts of government assets and that their employees, who are government officials, have control or influence over how such assets are spent and allocated. A 2018 survey by the OECD found that 42% of high-level SOE officials and board members have observed corrupt acts or other irregular practices in their company over the previous three years.<sup>5</sup>

- **A Corporate approach to corruption and human rights**

The international business community is strongly committed to the fight against corruption and human rights violations. Such commitment is reflected by companies developing and implementing third party due diligence screening tools, compliance programmes with regular training sessions, reporting mechanisms and third party contracting requirements to identify and address corruption and human rights abuses.

While anti-corruption efforts have often focused on compliance programmes, making sure employees do not take bribes from or offer bribes to government officials, there is now a growing recognition that a strict legal compliance approach should be complemented by a broader focus on “ethics”, “integrity” and “culture”. It is in this evolving space that lessons can potentially be learned from the wider RBC agenda.

The business and human rights agenda offers a different framing and a rights-holders perspective, which allows companies to move beyond a compliance vision. A human rights lens can also help frame the risk as a manifestation of a wider societal problem, not just a company-employee issue that should be managed through the work of one or two departments. It allows companies to see corruption beyond the punishment of bad behaviour of individual employees.

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<sup>5</sup> [Part A: Summary of findings: “Anti-corruption and integrity in state owned enterprises: challenges and solutions” \(OECD, 2018\)](#)

It invites a broader focus on the company's activities as well as its group dynamics, structures and culture. As such, it can ensure greater support and buy-in for anti-corruption efforts and can encourage new practical ways of identifying the risks and appropriate preventive and remedial steps beyond single department compliance and training efforts. In short, the goal is to create an integrity culture where all employees are aware and practices are embedded into daily work activities.

As such, many companies are eager to understand whether, why, when and how both issues converge and how they can effectively and efficiently address this convergence when it occurs. A coordinated approach to risk management, building on synergies between human rights and anti-corruption where they exist, can facilitate beneficial information sharing within a company and reinforce efficiency by preventing a duplication of efforts.

- **Considerations for a more coordinated approach towards anti-corruption and human rights processes**

While there are clear areas for increased cooperation, this does not apply to all activities. Consideration may be given to linking anti-corruption and human rights processes when there is scope for coordination, for instance, due to a similar focus of the respective programs.

Business may consider the questions raised in Part II in considering such coordinated approaches to anti-corruption and human rights processes where appropriate while taking into account individual company circumstances, which may vary based on company size, type, legal structure, the geographical and industrial sector of operation and the jurisdictional principles under which the company is operating.

It must further be noted that businesses face a number of challenges with respect to their human rights and anti-corruption efforts. In the dimension of anti-corruption there is a clear need for governments to actively address the demand side of bribery. Similar challenges exist in the human rights agenda. The UNGPs make it clear that while corporations have a responsibility to respect human rights, States have a duty to protect human rights. Hence, despite the fact that the corporate responsibility exists independent of States' abilities or willingness to fulfil their obligations, company efforts in the field of human rights can complement but cannot replace government efforts to establish and implement a sound policy framework for the protection of human rights.

Moreover, companies cannot, for many reasons, continuously surveil or exercise complete oversight over all their suppliers, especially when they have a large number of them. This represents a challenge in defining reasonable, effective and risk-based anti-corruption or human rights due diligence. This is particularly true when this involves far-reaching expectations around performing diligence deep into the supply chain where companies have limited ability to access information or to exert influence, are impeded by corruption, and when States fail to address these issues at a local level.

## ▲ PART II: Practical questions for consideration to foster a coordinated approach

As Part I has detailed, there are commonalities but also differences between the corruption and human rights agendas. This section seeks to help companies identify pragmatic approaches for dealing with human rights risks and corruption issues by raising selected questions to consider for the design and implementation of a company's coordinated approach.

A coordinated approach does not mean that corruption and human rights risk assessments should be merged into one, but rather that specific elements of corruption and human rights risk management approaches can in certain instances be linked where feasible and desirable. This involves building on existing synergies that prevent redundancies and generate beneficial sharing of learnings and outcomes between departments, without reducing the effectiveness of individual programs, and taking into account the specificities of human rights and anti-corruption issues.

A joint consideration of human rights and corruption should of course not be seen as an end to itself, rendering dedicated work in the two domains obsolete. Instead, such a coordinated approach should rely on tailored approaches for responding to corruption and human rights risks.

In order to ensure practicability and applicability of a coordinated approach, this practical guide suggests broad principles, which are followed by questions for self-assessment. The questions are non-prescriptive and intended for general guidance, taking into account that not all questions are relevant to individual company circumstances, which vary based on company size, type, legal structure, corporate governance prerequisites, the geographical and industrial sector of operation, and the jurisdictional principles under which the company is operating.

Under no circumstances is this guide intended as a basis or reference point for any legislative initiative or binding legislation. In effect, the purpose of this guide is to provide companies with ideas on how synergies between the human rights and corruption agendas could potentially be linked but not to develop into yet another prescriptive area of expectations imposed on business.

- **Building on existing guidance to avoid duplication**

In order to promote coherence and avoid duplication, this practical guide seeks to build on existing resources and guidance, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), which address both human rights and anti-corruption among other issues, and the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance, which sets out a path towards establishing effective compliance programs.

- The **UNGPs** implement the United Nations' "Protect, Respect and Remedy" Framework and constitute an important globally recognized framework for preventing and addressing the risk of adverse impacts on human rights linked to business activity. They do not create new

legal obligations, but clarify and elaborate on existing human rights standards which are embedded in States' existing human rights obligations under international law.

**What is the UNGP's "Protect, Respect and Remedy" Framework?**

The UNGPs are based on three key pillars, I: The state duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation and dispute resolution; II: The corporate responsibility to respect human rights, i.e. to act with due diligence to avoid infringing the rights of others and III: Access to effective remedy for victims of human rights abuse, including judicial and non-judicial processes, which are further specified by 31 Principles.

According to the UNGPs, companies have the responsibility to respect human rights, whereas States have the duty to protect human rights. In situations where a company's operation, product or services are directly linked to human rights impacts, the company should seek to prevent the impact, use its leverage to effect change in the entity causing harm and mitigate any remaining negative impacts.

- The **OECD MNE Guidelines** constitute the most comprehensive, government-backed instrument for promoting responsible business conduct. They have been developed with extensive multi-stakeholder engagement and articulate a clear sense of roles and responsibilities.

**What do the OECD MNE Guidelines say?**

The Guidelines are a set of recommendations on RBC addressed by governments to MNEs operating in or from adhering countries and constitute the first international corporate responsibility instrument to incorporate risk-based due diligence into major areas of business ethics. They are thereby not prescribing any procedural requirements on how such due diligence needs to be implemented but grant businesses flexibility in the establishment of due diligence measures according to their individual circumstances and characteristics.

Furthermore, it is recognized that seeking to prevent or mitigate an adverse impact to which an enterprise is directly linked by a business relationship does not intend to shift the responsibility from the entity causing the adverse impact to the enterprise with which it has a business relationship.

- The **OECD Due Diligence Guidance for Responsible Business Conduct** is meant to support businesses in their efforts of setting up effective due diligence processes. It is important to note that the Guidance is not a standard, but provides non-prescriptive, practical information on the steps of the due diligence process as foreseen in the MNE Guidelines as well as examples presented in a questions-and-answers format. It is clearly recognised that not all steps apply to every situation.

**The Due Diligence Guidance recommends a 6 step-approach to due diligence:**

1. Embed responsible business conduct into policies and management systems
2. Identify and assess adverse impacts in operations, supply chains and business relationships
3. Cease, prevent or mitigate adverse business impacts
4. Track implementation and results
5. Communicate how impacts are addressed
6. Provide for or cooperate in remediation when appropriate

- The **OECD Good Practice Guidance on Internal Controls, Ethics and Compliance** provides companies with practical recommendations on the components and measures that constitute an effective compliance program. It also addresses the role business organisations and professional associations can play in assisting companies in these efforts.
- **Identifying synergies between the human rights and anti-corruption agendas**

## 1. Initial risk assessment

As has been outlined previously, human rights abuses and corruption often go hand in hand. In many cases, corruption and human rights challenges are also systemic, which means that they reflect other underlying governance deficiencies in a particular country, region or societal context, such as weak rule-of-law, informal work and poverty.

Hence, before initiating an engagement or project in a certain country or region, companies may wish to **carry out an initial risk assessment looking at both the specific human rights- and the corruption risks** that could be associated with their venture. Having identified and assessed potential adverse impacts, companies should then explore how to address these impacts.

One key benefit of undertaking coordinated initial human rights, anti-corruption and rule-of-law risk assessments is the avoidance of redundancies, as respective human rights and anti-corruption experts are likely to collect similar data (i.e. analysis and assessments of the same suppliers and business partners, etc.) for their individual evaluations. In addition, coordinating human rights and anti-corruption assessments may have mutually reinforcing effects given that the data collected in connection to corruption risk assessments can likely support the analysis of potential red flags in the field of human rights and vice-versa.

### *Questions to consider:*

- *Do we consider anti-corruption and human rights related assessments as a key element of the decision making process connected to the project/engagement?*
- *What are the specific human rights and corruption risks associated with the country and what is the knowledge/awareness level of suppliers as well as local stakeholders with respect to these risks?*
- *What are the specific human rights risks related to the project/engagement we are planning to pursue? What are the specific corruption risks?*
- *To what extent are they linked?*
- *Do we already have a risk-based internal control framework or structured risk management process addressing corruption and human rights (as well as related risks) that we could build on?*

Companies may hence wish to **connect their human rights and anti-corruption experts** in order to identify possibilities for data sharing and engagement in joint efforts. Setting-up a coordinated risk assessment, however, requires ensuring that those undertaking such risk assessments are appropriately trained and skilled and have knowledge in both anti-corruption and human rights.

*Questions to consider:*

- *Is there a sufficient knowledge base in our company regarding human rights and anti-corruption?*
- *How can we encourage a dialogue between the anti-corruption and human rights experts in our company?*
- *How can we strengthen information flows and knowledge/data sharing between the different departments?*
- *How can we further strengthen the dialogue and information flow with our suppliers, business partners and stakeholders?*

Apart from assessing the potential impacts of a project or engagement in a more coordinated manner, companies may also wish to explore **how they could coordinate their broader compliance programs with their human rights due diligence** (incl. overarching policies, training, communication, monitoring and remediation, etc.), **drawing on existing synergies** between the issues of human rights and anti-corruption, in order to strengthen the prevention of corruption and address human rights violations going forward.

To begin, any effective anti-corruption compliance program or human rights due diligence program needs to be accompanied by and **implemented by** senior officers with an adequate level of autonomy from management, resources, and authority. Moreover, it should comprise **measures designed to prevent misconduct originating from within the organisation** as well as **measures that are targeted at preventing misconduct attributable to third parties**, such as risk-based due diligence, providing information on the company's commitments and expectations and seeking reciprocal commitment from business partners.

## **2. Embedding human rights and anti-corruption in the corporate culture**

An important first step to embed a coordinated approach to anti-corruption and human rights in the broader corporate culture is typically to promote a supportive **tone from the top**.

Existing expectations may then also feed into **corporate policies**. Companies could specifically recognize the respect for human rights and the fight against corruption as a part of the corporate responsibility or part of the company's approach to ethics and anchor these considerations accordingly. A company's commitments are commonly set out in various documents: from overarching policy statements, ethics policies and trainings, to contracts with business partners and suppliers. Most of these commitments are expected to be approved by senior-level staff, stipulate the company's expectations of its employees and business partners, be reflected in operational policies and procedures, and be included in contractual agreements with business partners.

A coordinated approach to human rights and anti-corruption which focuses on potential interlinkages may help to promote awareness and develop a deeper understanding of the risks as well as the value and importance of compliance programs among employees, management and leadership.

*Questions to consider:*

- *How do executives communicate on the importance of respecting human rights and fighting corruption and exploring possible links between the two areas?*
- *Do we internally and publicly commit to respect human rights and fight against corruption, e.g. through policy statements or with a code of conduct?*
- *Is our commitment to human rights and anti-corruption shared with stakeholders? How is it perceived by stakeholders?*
- *Can we incorporate human rights and anti-corruption clauses in our ethics policies, codes of conduct, contracts with business partners, etc.?*
- *How can we further raise awareness of the risks and consequences of human rights violations and corruption among our staff members and suppliers?*

### **3. Building on experiences and existing structures**

When embedding respect for human rights and the fight against corruption in their corporate strategy, some companies may wish to look at related efforts on anti-corruption (as well as on the promotion of business ethics and RBC more broadly) for guidance in setting up human rights risk management programs.

In this context, companies also might wish to identify how they can **establish and reinforce a dialogue between the different functions** and encourage their human rights and anti-corruption experts to work together more closely. This could be approached, for instance, by establishing a **cross-functional working group** (that includes legal affairs, compliance, human resources, business development and sustainability, government relations, corporate responsibility, supply chain, accounting, etc.) to discuss how to best identify and manage risks across different areas of the business, including where there is overlap between corruption and human rights.

*Questions to consider:*

- *Which standalone policies or practices regarding anti-corruption and human rights do we already have and how can they be coordinated?*
- *Which elements of our anti-corruption (human rights) approach could be used as a guidance for our human rights (anti-corruption) approach?*
- *Which existing structures may also work in the human rights/anti-corruption context?*
- *Which measures could be directly transferred to a human rights/anti-corruption approach, and which may need to be adjusted?*
- *How can we promote a dialogue between the anti-corruption and human rights experts in our company?*
- *How can we strengthen information flows and knowledge/data sharing between the different departments?*
- *Can we put a structure in place to look for synergies between human rights and anti-corruption?*
- *Can we organise a cross-functional working group or regular meetings that would include different parts of our company? Which divisions could we involve in this process?*

#### 4. Using synergies in due diligence processes

Companies may also consider **taking a coordinated approach to due-diligence assessments of suppliers and business partners.**

Leveraging synergies between human rights and anti-corruption efforts may again have mutually reinforcing effects and serve to avoid a duplication of efforts. As mentioned at the outset, if such assessments reveal red flags, more detailed evaluations and the involvement of respective experts may be needed. Moreover, it is important that such due diligence assessments are reviewed periodically as long as the engagement with the respective suppliers and business partners is maintained. Also, it should be the goal of any corporate risk-management program to both diversify business partnerships and incentivize those partnerships to behave according to a consistent set of behaviours.

*Questions to consider:*

- *Which human rights questions could be added to our anti-corruption due diligence questionnaires and checklists and vice versa?*
- *How much/what do we know about our business partners' practices and the regional/sectoral context they are operating in?*
- *How can we use new technologies (e.g. artificial intelligence, predictive analytics) to better address human rights and anti-corruption?*

#### 5. Establishing coordinated training programs

An integral part of any compliance program is **training**. Companies may consider **integrating human rights considerations into anti-corruption training programs** or incorporating previously separate corruption and human rights training material into a broader set of **training modules and workshops on “responsible business conduct”** or ethics for new employees and suppliers.

Similarly as with the case of due diligence, such training should be regarded merely as a starting point. Training programs should be kept broad and targeted at ensuring that all employees have a good general understanding of the issues and are able to flag and report suspicious and dubious observations. Any flagged observations and behaviour should then be communicated through appropriate channels to the respective experts for follow-up. In addition, any basic human rights/anti-corruption training could be further supplemented with more targeted sessions depending on the employee's job function, industry and region.

Lastly, again, it is important to maintain continued awareness of and learning about human rights and anti-corruption issues. Therefore it may be useful to repeat training sessions on a regular basis.

*Questions to consider:*

- *Can we think of scenarios and/or case studies in the context of our business operations that involve anti-corruption and human rights challenges which could be included in training sessions?*

- *Can we structure the training sessions on different levels (e.g. basic training for all employees, specific sessions for personnel and external agents more exposed to corruption or human rights risks), both on general and specific topics (e.g. whistleblowing and reporting channels, etc.)?*
- *How can we ensure continuous learning and training? Can we establish training cycles or use online tests as a more cost-effective alternative?*

## 6. Considering joint reporting mechanisms where practical and appropriate

While a top-down approach is useful for securing support for and implementation of effective measures, the flow of information from bottom to top is essential to help address actual occurrences of misconduct. Company-level grievance mechanisms, i.e. **hotlines, whistleblower channels or other reporting channels**, can also serve as a useful warning tool/ source of information to help a company learn about corruption and human rights challenges and risks.

Companies may thus find it useful to establish **joint capacities for dealing with human rights or corruption complaints**, if they have not done so already. Where feasible and practical, it may further be useful to provide operational-level grievance mechanisms at different tiers of the supply chain such that issues can be dealt with in a more targeted manner and closer to where the adverse impact has occurred.

*Questions to consider:*

- *Do we have effective internal reporting channels in place for both corruption and human rights issues?*
- *Are our internal reporting channels known, easily accessible and trusted by employees as well as other relevant stakeholders?*
- *Do joint reporting channels make sense in our context?*
- *Are those in charge of/operating internal reporting channels sufficiently trained to deal with both human rights and corruption concerns? Alternatively, do they know how to route issues to the right internal parties for handling?*

## 7. Supporting internal reporting mechanisms

An anti-corruption compliance program or a human rights due diligence program can only be effective if it is well implemented and embraced by employees at all levels. Companies typically engage in internal reporting, i.e. they collect financial and non-financial information and data to assess the company's performance in pre-defined areas. In this context, they often also test whether the messages of anti-corruption and human rights are being satisfactorily understood and implemented effectively by management and other employees. This is achieved by using **Key Performance Indicators (KPIs)** and other tracking metrics.

In order to foster a more coordinated approach to human rights and corruption risk management, companies may explore how **data collected on anti-corruption compliance can be used for the evaluation of human rights risks** to avoid duplication of efforts.

They may also consider including ‘**joint KPIs**’ in reporting processes, such as quantifiable metrics on employees’ awareness and knowledge about human rights and anti-corruption issues (e.g. employee interviews) or other quantitative statistics, for example, the number of anti-corruption/human rights trainings undertaken, the training completion rate or the number of anti-corruption and human rights assessments conducted in a certain reporting period.

*Questions to consider:*

- *Are our employees sufficiently aware of human rights and corruption risks?*
- *Can we quantify and measure awareness or uptake of compliance programs?*
- *What data could we collect and what kinds of KPIs could we develop?*

## 8. Reporting to external stakeholders

Companies are increasingly expected to demonstrate transparency on their programs to manage the risk of corruption to help ensure accountability. Similarly, companies that communicate meaningfully on their human rights issues and show that they respect human rights, can benefit with regard to their integrity and trust. Reporting on these issues in a coordinated manner may turn out to be complementary and can moreover prove to be a useful means to induce a company to better identify and address its corruption and human rights risks.

However, reporting should be meaningful, not overly complex and must take into account potential resource constraints. At the same time, certain legal requirements may constrain flexible approaches as different audiences or stakeholders may expect particular forms of reporting. In addition, what is important is that reporting, especially with respect to human rights, does not become a ‘tick the box’ exercise.

*Questions to consider:*

- *What information on anti-corruption and human rights could we collect and publish?*
- *Are there any relevant reporting standards and initiatives that could provide helpful guidance?*
- *Are there any legal requirements that may foster or inhibit such reporting?*

## 9. Engaging in cooperation and collective action

As corruption and human rights violations may have common root causes in certain geographic or sectoral settings, these challenges are often not unique to one company. Therefore, subject to limitations imposed by applicable antitrust and competition laws, companies may consider **cooperating with their peers**, i.e. by **sharing information on suppliers** with companies operating in the same sector or region, or **joining industry initiatives** to leverage change.

Moreover, companies may consider taking collective action and **collaborating with experts** (local producers and suppliers, local governments, local law enforcement, business and employer organizations, NGOs, social partners, intergovernmental organizations, etc.) **on the ground**, for example to help build their capacity.

*Questions to consider:*

- *Which other companies are operating in the same sector and region? Is there scope for cooperation?*
- *Are there any specific initiatives or roundtables relevant to our company operations that we could participate in?*
- *How can we establish a dialogue with local suppliers? (How) can we support them in complying with our company values?*
- *Can we consider using additional channels and options (e.g. events, partnerships) beyond periodic updates and reporting, aimed at spreading integrity and compliance values in our engagement strategy with external stakeholders?*
- *Can we share our best practices with other companies operating in the same country/sector?*
- *What discussions are our regional government relations teams having with government officials? Can we use those dialogues to reinforce our anti-corruption and human right objectives?*

- **A role for business and employers' organisations**

Business and employers' organisations can play an important role in supporting companies in establishing effective compliance programs. In effect, they may also support a more coordinated approach to anti-corruption and human rights programmes and measures in companies by **disseminating information**, providing **training, capacity building opportunities and tools** or offering **advice** on due diligence and related topics.

Moreover, business organisations can provide an important platform for peer learning and facilitate the **sharing of best practices, experiences as well as effective company approaches** (incl. codes of conduct) in fostering a coordinated approach to human rights and anti-corruption between companies.

Business organizations can also **represent their constituents' concerns** in their interactions with governments and **encourage greater State action on anti-corruption and human rights**.

Companies may thus consider approaching their respective business and employers' organisations in order to learn about human rights and anti-corruption issues. At the same time, companies can also flag corruption and human rights challenges which they have encountered to inform business organisations and their policy advocacy efforts with national governments and international organisations.

*Questions to consider:*

- *How can business organisations help share information and best practice about addressing human rights and anti-corruption issues?*
- *Which specific examples could businesses bring to the attention of their respective business/employer's organisation to highlight challenges and opportunities?*

# ANNEXES

Note: This guide is a living document, which will be updated on a regular basis to incorporate additional company examples as well as the most recent policy developments and initiatives.

# ANNEX I: KEY RESOURCES AND GUIDANCE\*

\*non-exhaustive list to be updated regularly

ANTI-CORRUPTION

HUMAN RIGHTS

BOTH

## KEY INTERNATIONAL STANDARDS

### OECD Guidelines for Multinational Enterprises

The Guidelines for Multinational Enterprises (MNE Guidelines) are part of the 1976 OECD Declaration on International Investment and Multinational Enterprises. They were subsequently revised, most recently in 2011. The MNE Guidelines are an international reference document providing recommendations on how MNEs can pursue responsible business conduct, operating in or from countries adhering to the Declaration. They cover all major areas of business ethics: human rights, information disclosure, employment and labour, environment, anti-corruption, consumer interests, science and technology, competition and taxation. They are implemented via a unique mechanism of National Contact Points (NCPs), which promote the guidelines and offer their good offices to resolve disputes.

### ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration)

The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was adopted in 1977 and constitutes a unique global instrument that was adopted by enterprises, specifically MNEs, governments and employers'/ workers' organizations from around the world, giving the Declaration its tripartite character. The Declaration contains recommendations in the areas of employment, training, conditions of work and life and industrial relations. It was amended in 2000 and 2006 and revised in 2017 to respond to new economic realities across international trade and supply chains, i.e. labour standards, forced labour and guidance on due diligence processes.

### UN Guiding Principles on Business & Human Rights (UNGPs)

The UN Guiding Principles on Business & Human Rights (UNGPs) were endorsed in 2011. They implement the United Nations "Protect, Respect and Remedy" Framework, established in 2008. There are, in total, 31 Principles associated with three pillars: I: The state duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation and dispute resolution; II: The corporate responsibility to respect human rights, i.e. to act with due diligence to avoid infringing the rights of others and III: Access to effective remedy for victims of human rights abuse, including judicial and non-judicial processes. The UNGPs do not constitute an international instrument that can be ratified by States, nor do they create new legal obligations. Their purpose is to clarify and elaborate on existing human rights standards which are embedded in States' existing obligations under international law.

The business community is actively using the UNGPs as one of the key references on human rights and is translating them into practical and impactful action on the ground, alone and in cooperation with other organizations.

### **UN Convention Against Corruption**

The United Nations Convention against Corruption (“Convention”) is one of the most important international anti-corruption instruments. It is legally binding, came into force in 2005 and as of June 2018 has 186 adhering parties. The Convention deals with five main areas: (1) preventive measures, (2) criminalization and law enforcement, (3) international cooperation, (4) asset recovery, and (5) technical assistance and information exchange. It covers many different forms of corruption, such as bribery, trading in influence, abuse of functions, and various acts of corruption in the private sector. The first chapter on prevention features measures directed at both the public and private sectors. The second chapter on criminalization requires countries to establish a wide range of acts of corruption as crimes, if these are not already crimes under domestic law. In the third chapter on international cooperation, countries have agreed to cooperate with one another in the fight against corruption. The most significant contribution of the Convention, however, is the chapter on asset recovery, which deals with the return of assets to their rightful owners, including countries from which they had been taken illicitly.

### **OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions**

The OECD Anti-Bribery Convention is a legally binding instrument, which entered into force in 1999

and has been adopted by 44 countries, including 7 non-OECD member countries (Argentina, Brazil, Bulgaria, Costa Rica, Peru, Russia and South Africa). The Convention focuses exclusively on the supply side of bribery. Parties to the Convention commit to criminalise the bribery of foreign public officials under their laws and to investigate, prosecute and sanction this crime. The enforcement of the Convention is implemented and monitored by the OECD Working Group on Bribery through a peer-review monitoring system.

### **OECD 2009 Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions**

The OECD Anti-Bribery Recommendation was published in 2009, the year of the tenth anniversary of the OECD Anti-Bribery Convention, and is currently being revised. The Recommendation extends the anti-bribery framework of the OECD by putting in place new measures to prevent and combat bribery, i.e. provisions for combating small facilitation payments, protecting whistle-blowers and improving communication between public officials and law enforcement authorities. Annex II of the Recommendation features a Good Practice Guidance on Internal Controls, Ethics and Compliance. As with the OECD Anti-Bribery Convention, countries’ progress in putting these measures in place is monitored by the OECD Working Group on Bribery.

### **ILO Declaration on Fundamental Principles and Rights at Work**

The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998, identifies eight ILO Conventions which are considered pivotal to the protection of workers’ rights, including freedom of association and the effective recognition of the right to collective bargaining (Freedom of Association and Protection of the Right to Organise Convention, 1948, No 87; Right to Organise and Collective Bargaining Convention, 1951, No 98), the effective abolition of all forms of forced or compulsory labour (Forced Labour Convention, 1930, No 29; Abolition of Forced Labour Convention, 1957, No 105), the effective abolition of child labour (Minimum Age Convention, 1973, No 138, Worst Forms of Child Labour Convention, 1999, No 182) and the elimination of discrimination in respect of employment and occupation (Equal Remuneration Convention, 1951, No 100; Discrimination Convention, 1958, No 111).

### **UN Global Compact – 10 Principles**

The 10 Principles of the UN Global Compact came into force in 2000 and are part of a wider initiative launched in 1999. The Global Compact is the world’s largest global corporate sustainability initiative, with over 10,000 companies and 4,000 non-business participants based in over 160

countries. The ten principles cover the areas of human rights (drawn from the Universal Declaration of Human Rights), labor (drawn from the ILO Declaration on Fundamental Principles and Rights at Work), the environment (drawn from the Rio Principles on Environment and Development) and corruption (drawn from the UN Convention against

Corruption). The Global Compact is non-binding. Businesses can participate by implementing the ten principles in their day-to-day operations, publicly advocating the principles and communicating to their stakeholders on the implementation progress, and can use their membership as a means of publicly signaling their commitment to responsible business conduct.

### **UN Sustainable Development Goals**

The UN Sustainable Development Goals (SDGs) are a set of global goals that seek to address the economic, social, and environmental dimensions of development. The SDGs succeed the UN Millennium Development Goals (MDGs) that were in place from 2000 to 2015. The 193 member states of the United Nations adopted the SDGs in September 2015. The SDGs consist of 17 overarching/broad sustainable development goals containing 169 specific targets. Goal 16, for

example calls on countries to "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels", whereas Target 16.5 specifically states that that governments should "Substantially reduce corruption and bribery in all their forms". Such progress can be assessed with the indicators 16.5.1, the proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months, and 16.5.2, the proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months. While not legally binding, the SDGs nevertheless represent the world's key initiative for fostering sustainable development at a global level.

## ▶ OTHER RELATED STANDARDS AND GUIDANCE

### **OECD Anti-Corruption and Integrity Guidelines for SOEs**

The OECD's Recommendation of the Council on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises was adopted in May 2019. The recommendation is designed to provide states, as owners of enterprises, with practical guidance on how to fight corruption in state-owned enterprises (SOEs) given the increasing importance of SOEs as competitors in the global economy. The Recommendation aims specifically at ensuring accountability as well as integrity in both the conduct and ownership structure of the SOE.

### **OECD Recommendation on Bribery and Officially Supported Export Credits**

The OECD Recommendation on Bribery and Officially Supported Export Credits originated in 2006 and was revised in 2019. The recommendation calls on adherent countries to take appropriate measures to deter bribery in international business transactions benefiting from official export credit support. The updated Recommendation contains illustrative examples of possible due diligence measures and more detailed provisions for reporting and monitoring to further assist adherents in their efforts to combat bribery. Beyond the OECD countries, Brazil, Colombia, Costa Rica, Peru and the Russian Federation have also adopted the Recommendation.

### **UN International Convention for the Suppression of the Financing of Terrorism**

The United Nation International Convention for the Suppression of the Financing of Terrorism is an international treaty, ratified in 2000 and in effect since 2002. The treaty has 188 parties. It criminalizes all acts associated with the financing of terrorism, where the latter is defined as directly or indirectly, unlawfully and wilfully, providing or collecting funds with the intention or in the knowledge that they are to be used to carry out acts, which cause death or serious injury to civilians. Parties to the treaty are called on to establish criminal offences, to take measures to freeze and seize funds intended to be used for terrorist activities, and to refrain from the use of bank secrecy as a means to refuse legal assistance.

## ▲ G20/B20

The Group of Twenty (G20) and its business equivalent, the Business 20 (B20), are very active in the fight against corruption. The B20, usually features a number of task forces including one dedicated to the fight of corruption which makes recommendations to the G20. At the G20 level, it is the Anti-Corruption Working Group (ACWG), established at the 2010 Canada summit, which leads the G20's anti-corruption efforts. The ACWG works together with the World Bank Group, the OECD, the UNODC, the IMF, the FATF, as well as with the B20 and the Civil Society 20 (C20). It operates on action plans, which define the ACWGs strategic orientation for a predefined period.

### **G20 Anti-Corruption Action Plan 2019-2021**

The most recent G20 Anti-Corruption action plan was adopted at the Argentina Summit in 2018. The two key priorities for the ACWG's work highlighted in the action plan are to (1) Reinforce efforts in facilitating the implementation of previous G20 commitments and (2) to develop additional projects, without duplicating other ongoing work streams. The action plan also mentions new potential areas of work such as the measurement of corruption and the linkages between gender and corruption.

### **G20/B20 Anti-Corruption Toolkit for SMEs**

The Anti-Corruption Toolkit For Small And Medium Sized Companies was published at the 2015 G20 Summit in Turkey. It has been developed jointly by the G20 ACWG and B20 Anti-Corruption Task Force and is targeted directly at business, that is, CEOs, board members, managers and employees. The toolkit has been built around 7 questions, which are further supplemented by informational paragraphs and practical guidance tips:

1. What is corruption?
2. How do I satisfy the demands of my international partners?
3. How do I protect my company?
4. How do I get training for me and my colleagues?
5. How do I resist corruption?
6. How can I get more information?
7. How can I help fight corruption?

### **G20 Compendium of good practices for promoting integrity and transparency in infrastructure development**

The G20 Compendium of good practices for promoting integrity and transparency in

infrastructure development was developed at the G20 summit in Japan 2019. The Compendium identifies measures to strengthen integrity and transparency at each phase of the infrastructure cycle and supports countries with concrete examples on how to foster good governance in infrastructure projects while respecting States' sovereignty and ensuring debt sustainability.

The G20 have also adopted Principles that can support countries' efforts to ensure integrity and transparency, including:

- 2013 G20 Guiding Principles on Enforcement of the Foreign Bribery Offence
- 2013 G20 Guiding Principles to Combat Solicitation
- 2014 G20 High Level Principles on Beneficial Ownership Transparency
- 2015 G20 High-Level Principles on Private Sector Transparency and Integrity
- 2015 G20 Principles for Promoting Integrity in Public Procurement
- 2017 G20 High Level Principles on the Liability of Legal Persons for Corruption
- 2017 G20 High Level Principles on Organizing Against Corruption
- 2017 G20 High Level Principles on Countering Corruption in Customs
- 2018 G20 High-Level Principles for Preventing Corruption and Ensuring Integrity in State-Owned Enterprises
- 2019 G20 High-Level Principles for the Effective Protection of Whistleblowers

## REGIONAL STANDARDS

### **Convention on the Protection of the European Communities' Financial Interests including the Protocols**

The Convention on the Protection of the European Communities' Financial Interests was signed in 1995 and entered into force in 2002. The Convention provides a harmonised legal definition of fraud and requires the member states of the European Union to introduce in their jurisdictions criminal penalties for fraud associated with the EUs financial interests. It covers both fraud in expenditure and fraud in revenue.

### **Convention on the Fight against Corruption Involving Officials of the European Communities or Officials of Member States of the European Union**

The Convention on the Fight against Corruption Involving Officials of the European Communities or Officials of Member States of the European Union builds on the Treaty of the European Union on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union. It entered into force in 2005. The Convention's purpose is to ensure the establishment of measures to criminalise both active and passive corruption involving public officials and the incorporation of these measures into the domestic law of all EU member countries.

### **Council of Europe: Criminal Law Convention on corruption**

The Criminal Law Convention on Corruption entered into force in 2002. It encompasses all EU member states but is also open for accession to non-member states. The Convention aims at coordinating the criminalisation of a large number of corrupt practices and the improvement of international co-operation in the prosecution of corruption offences, i.e. by sharing information and engaging in mutual assistance. It considers all forms of active and passive corruption, money laundering of the proceeds from corruption and accounting offences connected with corruption offences. The implementation of the Convention is monitored by the Group of States against Corruption (GRECO).

### **Council of Europe: Civil Law Convention on corruption**

The Civil Law Convention on Corruption entered into force in 2003. Similar to the Criminal Law Convention, the treaty applies to all EU countries and is open to sign also by non-member states. It requires the parties to incorporate in their domestic law effective remedies for victims of corruption, i.e. the right to compensation for damage. The Civil Law Convention is also being monitored by the GRECO.

### **Council Framework Decision on Combating Corruption in the Private Sector**

The Council Framework Decision on Combating Corruption in the Private Sector entered into force in 2003. It calls on the Member states of the European Union to make both active corruption, in the form of promising and giving an undue advantage to a person working in a private-sector entity as well as passive corruption, i.e. requesting or receiving such advantage when working for a private entity a criminal offence.

### **EU Anti-Money Laundering legal framework - EU legal framework on anti-money laundering and counter terrorist financing?**

The first anti-money laundering Directive was adopted by the EU in 1990 in order to prevent the misuse of the financial system for the purpose of money laundering. It provides that entities shall apply customer due diligence requirements when entering into a business relationship (i.e. identify and verify the identity of clients, monitor transactions and report suspicious transactions). This legislation has been revised to incorporate terrorist financing.

### **Communication on a Comprehensive EU Policy against Corruption**

The communication on a comprehensive EU Policy against Corruption was issued jointly by the European Commission, the European Parliament and the European Economic and Social Committee in 2003. The Communication sets out the achievements of the EU to this date and areas of improvement to be tackled in the future. Most importantly, however, it states that it is "the Commission's firm intention to reduce corruption at

all levels in a coherent way within the EU institutions, in EU Member States and outside the EU, i.e. political corruption, corrupt activities committed by and collusively with organised crime groups, private-to-private and so-called petty corruption.”

#### **African Union Convention on Preventing and Combating Corruption**

The African Union Convention on Preventing and Combating Corruption was adopted by the member states of the African Union in 2003 and has to date been ratified by 38 states and signed by 17 additional states. It concerns corruption in the public and private sectors and represents a consensus on the actions African governments should take against corruption. More specifically, its provisions criminalise domestic and foreign bribery, diversion of property by public officials, trading in influence, illicit enrichment, money laundering and concealment of property.

#### **Economic Community of West African States Protocol on the Fight against Corruption**

The Protocol on the Fight against Corruption was adopted by the Economic Community of West African States (ECOWAS) in 2001. The protocol aims at promoting and strengthening the development of anti-corruption mechanisms at the national level, establishing cooperation between the adhering states and promoting a harmonization of the national anti-corruption laws and policies in the West African countries.

#### **Inter-American Convention against Corruption**

The Inter-American Convention against Corruption was adopted in 1996, making it the first international anti-corruption Convention. It served as a precedent to other documents of the OECD, Council of Europe as well as the African Union and the United Nations and has to date been ratified by 34 countries. The Convention comprises chapters on criminalisation, i.e. establishing and defining corrupt acts; international cooperation; asset recovery and monitoring. The document focuses on corruption in the public sector. For the purpose of monitoring a follow-up mechanism has been put in place, which also serves as an instrument of horizontal cooperation between adhering countries.

#### **Lima Commitment - “Democratic Governance against Corruption.” - Summit of the Americas**

The “Democratic Governance Against Corruption” or “Lima Commitment” was made at the Summit of the Americas in Lima in 2018. It essentially comprises a statement by the heads of the Southern-, Middle- and Northern American states, reaffirming their loyalty to anti-corruption treaties and their willingness to reinforce democratic governance, establish transparency and access to information, protect whistle-blowers and human rights, ensure the integrity of financing of political organizations and election campaigns, prevent corruption in public works and public procurement and contracting, engage in international legal cooperation in the fight against bribery, strengthen Inter-American Anti-Corruption Mechanisms and engage in follow-up and reports.

#### **Economic Community of West African States Protocol relating to the Mechanism for Conflict Prevention, Management, Resolution, Peacekeeping and Security**

The Protocol relating to Conflict Prevention, Management, Resolution, Peacekeeping and Security was adopted by the Economic Community of West African States (ECOWAS) in 1999. It focuses on the establishment of a mechanism for preventing and resolving internal and inter-State conflict. Beyond that, the protocol recommends that the Western African states strengthen their cooperation in the areas of peace-keeping and control of international terrorism. It further calls on ECOWAS member countries to establish institutions and policies for the organisation and coordination of humanitarian relief missions, to set up a framework for natural resources shared by neighbouring Member States and to establish anti-corruption and anti-money-laundering policies.

## ▲ PRACTICAL GUIDANCE

### **OECD Due Diligence Guidance for Responsible Business Conduct**

The OECD Due Diligence Guidance for Responsible Business Conduct was approved in 2018 in the context of the “pro-active agenda” of the OECD MNE Guidelines and provides practical support to enterprises in the implementation of the Guidelines. It is meant to support businesses in their efforts of setting up effective due diligence processes. The Guidance provides non-prescriptive, practical information on the steps of the due diligence process as foreseen in the MNE Guidelines as well as examples presented in a questions-and-answers format. There also exist sector-specific due diligence guidances for the garment and footwear, agriculture and extractives industries, for institutional investors as well as for the management of supply chains and the fight against child labour in the minerals sector.

### **OECD Good Practice Guidance on Internal Controls, Ethics, and Compliance**

The OECD Good Practice Guide on Internal Controls, Ethics and Compliance is contained in Annex II of the 2009 Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions. It is a non-legally binding guidance to companies in establishing effective internal controls, ethics, and compliance programmes as measures for preventing and detecting foreign bribery. The Guide was designed to be flexible so that it can be adapted by all companies, in particular small and medium sized enterprises, irrespective of their individual circumstances, such as size, type, legal structure and geographical and industrial sector. The Good Practice Guide also addresses business organizations and professional associations to assist companies by providing information and tools and by offering advice and support in carrying out the recommended good practices.

### **OECD Guidelines on Whistleblower Protection for Companies in Greece**

Encouraging employees to report wrongdoing (“or blow the whistle”), and protecting them when they do, is an important part of corruption prevention in both the public and private sectors. The OECD

Guidelines on Whistleblower Protection for Companies are part of the Greece's National Anti-Corruption Action Plan (NACAP) put in place by the Greek government with the assistance of the European institutions. The Guidelines are designed to assist companies in Greece in developing and implementing effective internal reporting mechanisms, which meet the highest international standards for whistle-blower protection, whilst also complying with the current Greek legislation.

### **IOE Guide for Employers – The Fight Against Bribery and Corruption**

The IOE Guide, published in 2009, highlights the impact of corruption on business and presents the responses at the national and international levels, by employers’ organisations, companies and governments. It recommends that Employers’ organisations must themselves be a model of transparency and good governance. They should remain apolitical and should not be involved in any direct political activities. The Guide further presents internal anti-corruption strategies and human resource management, and discusses the issues of gifts, whistleblowers and financial political parties. Lastly, the Guide also calls on the business community to join efforts with all partners to fight corruption by building corruption-free alliances and common proposals to combat problems at all levels.

### **IOE paper on State policy responses on human rights due diligence**

The IOE Guidance provides a brief explanation of human rights due diligence (under the UNGPs), describes what the UNGPs say about State policy and regulatory measures, examines the growing policy responses to human rights due diligence, especially the applicable laws, highlights twelve areas of concern among business and employers on the legal policy responses and offers suggestions for future State policy responses.

### **IOE Guidance: Communicating on sustainability issues: a three-part course for SMEs**

The IOE Guidance supports SMEs to meaningfully communicate how they are acting responsibly and contributing to the Sustainable Development Goals

(SDGs). For example: How they are tackling their impacts on people, the planet and prosperity that are connected to their activities as part of doing business in a complex world; How assessing their impacts is the basis for figuring out risks and opportunities; as well as how they are building a sustainable business and contributing to sustainable development.

### **IOE Handbook on CSR and Sustainability Reporting**

The IOE handbook is intended to serve as an introduction to CSR issues including Sustainability Reporting, relevant to the employers' organisations as well as their company members. The brochure contains internet links to access further information on the individual themes.

### **SMEs and Human Rights: What is the current state of play, what are the opportunities and challenges, what kind of support is needed?**

The IOE Guidance on what support SME needs is based on a joint IOE-ILO global SME survey. It helps to understand better the challenges of SMEs, their concerns and opportunities with regards to business and human rights, as well as their need for support.

### **IOE Guidance on THE ILO DECLARATION ON FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK**

The IOE paper provides general background information about the Declaration and its follow-up process, addresses the views of employers on the important aspects of the Declaration and explains how employers' organizations can play a role in ensuring that the profile and credibility of the Declaration remain high.

### **Business at OECD (BIAC) Brochure: The OECD Guidelines for Multinational Enterprises - What business needs to know**

The Business at OECD (BIAC) brochure provides business with the key facts they need to know about the OECD MNE Guidelines and the concept of addressing and avoiding adverse impacts with due diligence. It further explains the functioning of the National Contact Point system supporting the implementation of the Guidelines and provides an overview of the OECD proactive agenda on responsible business conduct, under which the

OECD has published a number of practical due diligence guidance documents.

### **ICC Rules on Combating Corruption**

The ICC Rules on Combating Crime are a guidance document on corporate policies first published in 1977 by the International Chamber of Commerce (ICC). The Rules are meant to provide a roadmap for businesses in establishing and implementing policies in a number of 'critical' fields such as business partners, gifts and hospitality, human resources, financials, etc. They are aligned with key international legal instruments (including the United Nations Convention against Corruption (UNCAC) and the OECD Anti-Bribery Convention). The ICC Rules also comprise suggestions on how to design effective corporate compliance programs.

### **ICC Guidelines on Whistleblowing**

The ICC Guidelines on Whistleblowing were published in 2005. The purpose of these Guidelines is to help companies establish and implement internal whistleblowing programs. The Guidelines outline the various components and processes that form an effective whistleblowing framework, thereby referring to existing international conventions and recommendations by international public organizations.

### **ICC Business Integrity Compendium**

The ICC Business Integrity Compendium, launched in 2017, is a comprehensive, overarching document, compiling all anti-corruption and corporate responsibility tools that have been published by the ICC over the last decades. It includes the ICC Rules on Combating Corruption, the ICC Guidelines on Whistleblowing, but also covers areas such as their party due diligence for SMEs and responsible sourcing.

### **PACI Principles**

The World Economic Forum Partnering against Corruption Initiative (PACI) was launched in January 2004 as a CEO-led platform for peer exchange on practical experience. The PACI Principles were developed by a multinational Task Force of companies working with the World Economic Forum, Transparency International, and the Basel Institute on Governance. Signatories commit to incorporate the six principles into their daily conduct and play an active role in advancing the global anti-corruption agenda. Specifically, the

principles foresee 1. Leadership to set the tone and communicate zero tolerance of corruption, 2. Building an internal commitment to zero tolerance of corruption, 3. Fostering transparency, 4. Complying with laws and regulations, 5. Encouraging business partners to uphold the same ethical standards and 6. Engaging in PACI and other collective action initiatives to reinforce coordinated action against corruption.

### **Transparency International Guidance – Transparency International Global Anti-Bribery Guidance**

The Global Anti-Bribery Guidance is a free-to-use online portal comprising best practices for companies in the fields of top-level commitment, risk assessment and planning, policies and procedures, high risk areas, managing third parties, communications and training, monitoring and reviewing and reporting. For each of these areas, the website lists practice tips, provides a detailed guidance and links to other supplementary resources.

### **ISO37001 Anti-Bribery Management Systems**

The ISO37001 is an international management standard published in 2016 by the International Organization for Standardization (ISO). It specifies requirements on the design and implementation of anti-bribery policies and procedures, oversight by a

compliance manager, anti-bribery training, risk assessments and due diligence on projects and business associates, financial-/procurement-/commercial- and contractual- controls, reporting-/monitoring-/investigation- and review practices as well as on the conduct of top management. Companies adhering to the standard can obtain an official certification. The ISO 37001 builds on guidance from various organizations, such as the ICC, the OECD, Transparency International and various governments, representing a global consensus on anti-bribery good practices.

### **US DOJ Guidance Document on Evaluation of Corporate Compliance Programs**

The US Department of Justice (DOJ) Evaluation of Corporate Compliance Programs document is meant to assist DOJ prosecutors in deciding whether, and to what extent, a businesses' compliance program was effective at the time of an offense. The Guidance is framed around three questions: (1) Is the corporation's compliance program well designed?; (2) Is the program being applied earnestly and in good faith?; and (3) Does the corporation's compliance program work in practice? Each of these questions is supplemented with a check-list of good practices, which can be used by companies as a reference for self-assessment and the design of compliance programs.

### **UNGP Reporting Framework**

The UN Guiding Principles Reporting Framework was launched in 2015, supporting the implementation of the UN Guiding Principles on Business and Human Rights. It provides companies with guidance on how to report on human rights issues. More specifically, it lists a number of questions companies should ask themselves in order to assess their performance in respecting human rights. The Framework is supplemented by an implementation guidance.

### **ISO26000 Social Responsibility**

The ISO26000 Standard is a guidance document launched in 2010 by the International Organization for Standardization (ISO). Its aim is to encourage businesses and also other organizations to act in a socially responsible way. The ISO26000 outlines 7 key principles: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights. The Code is a voluntary guidance standard and can therefore not be certified.

### **SA(Social Accountability) Standards**

The SA 8000 Standard is a certifiable management standard established by Social Accountability International in 1989. The standard requires compliance with certain performance criteria in the areas of child labour, forced and compulsory labour, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours and remuneration. The SA8000 is based on the principles of international human rights norms as described in International Labour Organization Conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights.

### **Principles for Responsible Investment (PRI)**

The Principles for Responsible Investment (PRI) are a UN-supported initiative launched in 2006. The PRI were developed by an international group of institutional investors and comprise 6 principles which are further supported by a number of possible actions for incorporating ESG (environmental, social, and corporate governance) issues into investment practice.

### **Equator Principles**

The Equator Principles (EPs) are a risk management framework for due diligence and responsible decision-making developed and adopted by financial institutions. The EPs apply to all countries and all sectors and provide guidance in determining, assessing and managing environmental and social risk associated with projects. There are currently 97 financial institutions from 37 countries adhering to the EPs. The EPs thus cover the majority of international project finance debt within developed and emerging markets.

### **Principles for Responsible Banking by UNEP Finance Initiative**

The Principles for Responsible Banking were established with the goal of aligning banking sector practices with the Paris Agreement and the UN Sustainable Development Goals (SDGs). The Principles have been developed by a core group of 30 banks and were launched in 2019. They establish 3 key steps to be implemented by signatories: (1) Impact Assessment, i.e. Analysing where the respective bank has significant positive and negative impacts on society, (2) Target Setting and (3) Accountability and are further supported by a guidance document.

### **GRI (Global Reporting Initiative) Standards**

The GRI Standards are the first and most widely used guideline for sustainability reporting, i.e. reporting on the economic, environmental and social impacts of a company's ventures. The

Standards were established in 2016 and consist of a set of Universal Standards, applicable for every organization preparing a sustainability reports, and three additional series of selected standards in the fields of economic, environmental and social issues, which companies can freely choose from.

### **UN Guide to Corporate Sustainability**

The UN Guide to Corporate Sustainability was published by the UN Global Compact in 2014. It indicates five steps companies should follow in order to achieve sustainability. These steps (or features of sustainability) are:

1. Principled Business: respecting fundamental responsibilities in the areas of human rights, labor, environment and anticorruption;
2. Strengthening Society: taking actions to support the communities around the business;
3. Leadership Commitment: leadership communicating the importance of sustainability counts;
4. Reporting Progress: reporting to stakeholders in a transparent and public manner; and
5. Local Action: getting an understanding of operations within global value chains, even if located far from a company's headquarters

### **RBA (Responsible Business Alliance) Code of Conduct**

The Responsible Business Alliance Code of Conduct is a set of social, environmental and ethical industry standards, which went into effect in 2015. The RBA Code outlines practices that promote fair working conditions, comprehensive labor protection and environmentally friendly manufacturing processes for the electronics industry. Despite its focus on electronics, it is also applicable to and used by many other industries. The standards are aligned with international norms and standards including the Universal Declaration of Human Rights, ILO International Labor Standards, the OECD Guidelines for Multinational Enterprises as well as ISO and SA standards.

## **ANNEX II: COMPANY EXPERIENCES IN TAKING AN INTEGRATED APPROACH**

This section will be updated on a periodic basis to reflect new examples of company practice to manage both anti-corruption and human rights risks in an integrated fashion, as well as other company experiences on the nexus between corruption and human rights.

### **A snapshot of some companies' experiences in taking an integrated approach to corruption and human rights**

The section below presents a snapshot of companies' efforts to meet their anti-corruption and human rights responsibilities in a coordinated manner. The examples reflect discussions with individual companies and publicly available material.

It is important to underscore that there is no one-size-fits-all approach to managing corruption and human rights challenges. Companies face different challenges and take different approaches to these risks based on many factors including their size, sector, geography and types of business of relationships.

### **Acciai Speciali Terni S.p.A. – Italy**

In Acciai Speciali Terni S.p.A., a specific department (Governance Department) was set-up to report directly to the CEO and periodically to the Board of Directors. The Governance Department was assigned with the responsibility, among others, of managing business and compliance-related risks and controls with an integrated and organic approach. This was achieved by creating a multi-skilled team with staff proficient in topics such as risk management, process re-engineering, compliance, IT, antifraud and anticorruption law, etc.

The Governance Director acts as a pivotal figure and facilitator for all company stakeholders involved in the control environment, addressing issues such as duplication of roles, governance and control principles in processes and operations, etc.

This role is strongly supported by top management since:

- a) It allows oversight of operation process design, by ensuring clear roles, responsibilities (accountability) and rules and a common ground and language when it comes to risks and compliance matters across the whole company;
- b) It leverages on the right drivers to enable operational synergies among process owners, in order to coordinate and manage potential issues and related solutions as identified by company actors and suggested by law requirements.

Thanks to the support of the Governance Department, the company has succeeded in abandoning a traditional and obsolete “silos” approach to compliance and risk management where each company stakeholder feels solely accountable of managing the effects or causes of a risk only to the limit of his/her area of responsibility.

In fact now the risk management duties are shared with and supported by the Governance Department, which embeds the specific skills to establish effective and organic controls by defining, together with the involved stakeholders, accurate response strategies, ensuring objectives’ success and alignment to relevant regulations, through a multi-compliance approach.

## **Repsol – Spain**

In Repsol, Compliance and Human Rights departments work together in a synergistic way, increasing the positive impact of Social Investment Projects, while fighting against corruption and respecting human rights. A multidisciplinary team has developed a new Regulatory Framework for social investment projects, with the aim of minimizing risk related to corruption and human rights abuses and carrying out risk-based due diligence.

Repsol has a Code of Ethics and Business Conduct, which establishes overall guidelines that govern the conduct of all employees of Repsol's Group and its subsidiaries and Business partners worldwide, in carrying out their duties and their commercial and professional relations. This Code includes our commitment to respect human rights, in particular of those populations that may be more vulnerable everywhere we operate. The Code also includes a list of measures to combat bribery and corruption, and the procedures to follow in case of breaches of the regulation.

Additionally, the Company has a Human Rights Policy with the aim of respect internationally recognized human rights, and conduct continuous human rights due diligence in our activities. The objective is to avoid and address such adverse impacts associated with our operations, supply chains and other business relationships in accordance with international reference standards, such as the United Nations Guiding Principles on Business and Human Rights and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

Repsol aims to be a relevant actor among the communities where it operates, in order to be recognized as a committed company that promotes the creation of shared value and sustainable development. Social investment projects are good examples of this commitment with Human Rights and Sustainable Development Goals of the 2030 Agenda.

These social investment projects may have Compliance risks with regard to corruption, terrorist financing and international sanctions and embargoes. In order to reduce such risks, in 2018, a working group with the participation of, among others, Compliance, Human Rights, Sustainability, Legal, Security, began to work in the Regulatory Framework of the social investment projects. In 2019, the company finished successfully the process with the approval of the following standards:

- “Management of social investment” that regulate the management of social investment in order to guarantee its transparency and optimize its positive impact,
- “Due Diligence of Third Parties” that establishes the necessary measures to gain accurate knowledge of the third parties with which it has or will have a relationship regarding Compliance risks.

In 2020, the company is working hard to assure these regulations are implemented by training of all those areas involved in these social investment projects.



## Third Party Risk Management (TPRM)

### PURPOSE

Third Party Risk Management (TPRM) is the means by which Novartis manages risks when interacting with Third Parties:

- It enables us to better understand and effectively manage Third Party risk exposure
- It helps protect Novartis, our stakeholders, our patients and society at large by mitigating risks that are harmful and possess adverse impacts such as regulatory, financial, non-financial and reputational damage
- It fosters collaboration with Third Parties that share and uphold our values and ethical principles

### OUR ASPIRATION

Become an industry leader by reimagining TPRM

To continue building trust with society, protect our patients and our business, and to positively impact communities, we enable our associates to do what is right, and uphold our ethical standards, when engaging third parties; putting values before financial performance and holding ourselves and others accountable for it.



### OUR OBJECTIVES

1. Demonstrate commitment of doing business responsibly, ethically and with integrity
2. Understand our existing and emerging third party risk landscape to reduce and manage third party risk exposure
3. Offer our users an intuitive, friendly and efficient experience via a lean operating model enabled by technology

### RISK AREAS IN-SCOPE OF TPRM



(The TPRM scope is evolving)

### TPRM PROCESS

