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Organisation de Coopération et de Développement Économiques
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COUNCIL

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Meeting of the Council at Ministerial Level, 27-28 May 2010

**DECLARATION ON PROPRIETY, INTEGRITY AND TRANSPARENCY IN THE CONDUCT OF
INTERNATIONAL BUSINESS AND FINANCE**

(Adopted at the Council Meeting at Ministerial Level on 28 May 2010)

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English/French

WE, THE MINISTERS AND REPRESENTATIVES of Australia, Austria, Belgium, Brazil, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Russian Federation, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States and the European Union:

Recalling the 2009 Ministerial Conclusions and particularly the agreement on the need to develop a set of common standards and processes regarding the conduct of international business and finance;

Recognising that the OECD has worked over the years on propriety, integrity and transparency in the conduct of international business and finance and has developed instruments in these fields (Annex I), and recognising the initiatives undertaken by its bodies (Annex II);

Mindful that this Declaration is without prejudice to OECD instruments, their interpretation and application and to the formal positions that countries may have taken in their regard;

DECLARE that:

- 1) Propriety, integrity and transparency are the keystone of an economy which commands the support and confidence of the people and serves their needs and aspirations.
- 2) Effective competition is key to an efficient and healthy market and leads to higher economic productivity and growth. Anticompetitive practices should be punished and deterred and unnecessary government restraints on competition should be removed.
- 3) Governance of companies should promote respect for the rule of law, board accountability and equitable treatment of shareholders and appropriate cooperation with stakeholders. Remuneration and incentives should be consistent with companies' long-term goals and risk policy.
- 4) Corporate disclosure policies of enterprises should be tailored to their nature, size and location, promote real transparency and ensure disclosure of timely and accurate information regarding their activities, financial situation, non-financial performance, adherence to responsible investment principles, foreseeable risks (including social, ethical and environmental risks), ownership, and governance.
- 5) Corporate vehicles should not be misused for illicit purposes. Standards of responsible business conduct should be reflected in corporate decision-making. Corporate responsibility entails timely and accurate fulfilment of tax obligations wherever a company operates. Companies should comply with both the letter and the spirit of the tax law.
- 6) Bribery, and particularly bribery in international business transactions, undermines good governance and sustainable economic development, distorts international competitive conditions. Effective measures should be taken to ensure its prevention, including through awareness raising initiatives, prosecution and punishment.
- 7) Money laundering is a serious threat to the global economy which undermines the integrity of financial institutions and should be effectively prosecuted and punished.
- 8) Interaction between governments and business, including with respect to public procurement, lobbying and "revolving doors" practices, should be conducted in accordance with principles of transparency, integrity and fairness to all parties.
- 9) Business and market regulatory frameworks should serve clearly identified policy goals and produce benefits that justify costs, comply with principles of necessity, practicality and transparency and be submitted to a systematic assessment of their impact.

- 10) Effective financial regulation is essential to support a stable and well-functioning financial system. Financial education and consumer protection is an important element of this framework. Financial institutions and intermediaries' accountability and responsibility should be encouraged in providing fair and transparent information and advice to their clients and promoting their financial awareness.

RECOMMEND:

Governments and private actors to take appropriate steps to implement this Declaration;

INVITE:

The OECD to support the principles in this Declaration through the regular activities of its bodies;

The OECD to continue its consultations on its activities on propriety, integrity and transparency with the Business and Industry Advisory Committee and the Trade Union Advisory Committee, and other stakeholders.

NB: This Declaration is open to adherence by non-OECD countries; in this case, its endorsement does not necessarily entail adherence to the instruments listed in Annex I nor participation in the initiatives in Annex II.

ANNEX I

OECD INSTRUMENTS ADDRESSING PROPRIETY, INTEGRITY AND TRANSPARENCY IN THE CONDUCT OF INTERNATIONAL BUSINESS AND FINANCE

Competition

Recommendation of the Council on Competition Assessment
Recommendation of the Council concerning Effective Action Against Hard Core Cartels
Best Practices for the Formal Exchange of Information between Competition Authorities
in Hard Core Cartel Investigations
Guidelines for Fighting Bid Rigging in Public Procurement
Recommendation of the Council concerning Structural Separation in Regulated Industries
Recommendation of the Council concerning Merger Review

Corporate Governance

Principles of Corporate Governance
Guidelines on Corporate Governance of State-Owned Enterprises

Investment and Responsible Business Conduct

Guidelines for Multinational Enterprises
Decision of the Council on the OECD Guidelines for Multinational Enterprises
Risk Awareness tool for Multinational Enterprises in Weak Governance Zones
Policy Framework for Investment

Tax Cooperation

Standards on Transparency and Effective Exchange of Information
Recommendation of the Council on the Use of the OECD Model Memorandum of
Understanding on Automatic Exchange of Information for Tax Purposes
Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations

Anti-Corruption

Convention on Combating Bribery of Foreign Public Officials in International Business
Transactions
Recommendation of the Council for Further Combating Bribery of Foreign Public
Officials in International Business Transactions
Recommendation of the Council on Tax Measures for Further Combating Bribery of
Foreign Public Officials in International Business Transactions

Interaction between Government and Business

Recommendation of the Council on Enhancing Integrity in Public Procurement
Recommendation of the Council on Guidelines for Managing Conflict of Interest in the
Public Service

Recommendation of the Council on Principles for Transparency and Integrity in Lobbying

Quality of Regulation

Recommendation of the Council on Improving the Quality of Government Regulation

Guiding Principles for Regulatory Quality and Performance

Recommendation of the Council on a Policy Framework for Effective and Efficient Financial Regulation and the General Guidance on a Policy Framework for Effective and Efficient Financial Regulation and the related High-Level Checklist

Financial Literacy and Consumer Protection

Recommendation of the Council on Principles and Good Practices for Financial Education and Awareness

Recommendation of the Council on Good Practices for Financial Education and Awareness Relating to Credit

ANNEX II

OECD INITIATIVES ON PROPRIETY, INTEGRITY AND TRANSPARENCY IN THE CONDUCT OF INTERNATIONAL BUSINESS AND FINANCE

Competition

Work of the Competition Committee, including through the support of the implementation of the Recommendation concerning Effective Action against Hard Core Cartels and the Guidelines for Fighting Bid Rigging in Public Procurement

Work of the Competition Committee through the implementation of the Recommendation on Competition Assessment

Work of the OECD on implementing the Recommendation of the Council concerning Structural Separation in Regulated Industries

Work of the Competition Committee through the implementation of the Recommendation of Council concerning Merger Review

Corporate Governance

Peer review mechanism of the OECD Principles of Corporate Governance

Corporate Governance Committee conclusions on means to strengthen risk management, remuneration policies, the functioning of boards of directors and the role of shareholders

Regional Corporate Governance Roundtables

OECD work on the issue of identification of the ultimate beneficial owner of corporate vehicles

Investment and Responsible Business Conduct

Update of the OECD Guidelines for Multinational Enterprises

Tax Cooperation

Work of the Global Forum on Transparency and Exchange of Information for Tax Purposes and in-depth peer review process

Opening for signature of the Protocol amending the OECD-Council of Europe Convention on Mutual Administrative Assistance in Tax Matters

Anti-Corruption

Third phase of peer reviews evaluations of State Parties' implementation of the Anti-Bribery Convention

Working Group on Bribery's engagement with major emerging economies that are not yet Parties to the Anti-Bribery Convention

OECD partnership with the private sector and civil society in combating foreign bribery

Interaction between Government and Business

Implementation of the OECD Principles for Enhancing Integrity in Public Procurement

Implementation of the OECD Guidelines for Managing Conflict of Interest in the Public Service

Implementation of Council Recommendation on Transparency and Integrity in Lobbying

Quality of Regulation

Work of the Committee on Financial Markets and the Insurance and Private Pensions Committee to support ongoing efforts by policymakers, regulators and supervisors to achieve stronger, more resilient financial systems

Financial Literacy and Consumer Protection

OECD work in the field of financial literacy, initiatives of the Committee on Financial Markets on financial consumer protection issues, OECD work and activities with non member economies through the OECD International Network on Financial Education