

*OECD workshop on Investment and  
Business Climate in the Russian Federation*

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A Regional Perspective

St. Petersburg

9-10 November 2005

*Session 2: Business integrity and private-public inter-action in the fight against corruption: Processes and Challenges*

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Sharing the experience

Presentation of the role and benefits of codes of conduct & compliance programmes

# *1.- Who am I?*

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- Chairman of the Anti-corruption Commission of the ICC in Paris. (strong role in self regulation).
- Manager of Transparency International in Belgium.
- Practicing lawyer of an American law firm.

## *2.- Importance of government initiatives.-*

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- State, international and regional initiatives are the necessary start of any integrity policy.
- Private initiative cannot and should not replace (come in stead of) public initiative.
- But business can also support the public initiative, even in its legislative phase (*e.g.* ICC and OECD) and also in the follow-up (monitoring of the conventions).
- Business can shed light on practical aspects of the daily operation of an enterprise

### *3.- « Integrity cannot be decreed ».-*

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- We must abandon the idea that a document can just by itself change the reality.
- A document as such is just words, it is necessary to transform it into deeds.
- The mere fact that the legal provision is accompanied by sanctions doesn't warrant its correct application.
- More is necessary.

## 4.- « *Integrity must be organized* ».-

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- The enterprise must appropriate itself its integrity system.
- A decision in principle is necessary at the very top.
- This can not be done overnight.
- It is a strenuous, lengthy and costly exercise.
- It requires not only a chart or a statement or a code but a full programme.
- We say in general that there are « seven steps » for a full fledged and efficient programme.

## 5.- « *Integrity has to be maintained* ».-

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- Do not go for a full integrity system, if you do not genuinely believe in it or if you are not committed to use the necessary resources.
- Integrity will require important management time and some (financial) resources.
- You probably will need to hire consultants.
- You also will need to document your integrity endeavors.(*e.g.* selection of intermediaries)

## 6.- *A growing number of business initiatives.-*

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- One can indentify three levels of private initiatives:
  - the world level *e.g.* International Chamber of Commerce, Global Compact (UN), World Economic Forum, Transparency International;
  - the segments of the industry, commerce and finance, *e.g.* the extractive industry, the Wolfsberg principles, the D.I.I.;
  - the individual enterprises
    - each enterprise should determine which level is the most efficient for its purposes,
    - there also is the possibility to work on the level of a business federation or on a regional scale.



## *7.- Why all these initiatives in the OECD?*

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- Possibility to amalgamate them?
- Possibility to make one single document?
- Originality of the individual contributions and selective cooperation.
- In the OECD zone, these various initiatives contribute each in their own way to improve corporate practices.

## *8.- Why now? The challenge of globalization.*

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- With liberalization and deregulation has come the time of Corporate Social Responsibility (CSR) and Good Corporate Governance.
- Free Enterprise got its way in a world freed from any obstacles and hindrances but as a *quid pro quo* for this « licence to operate freely » it has to prove that it acts in a responsible way in society and that it is properly organized in a way respectful of shareholders and stakeholders.

## *9.- The Russian competitor.-*

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- Fear is the origin of a lot of corruptive practices.
- An entrepreneur doesn't want to take the initiative to pay a bribe, but will feel « compelled » to do so, because « the others », the « bad guys », do.
- These days, the non-OECD countries are the « bad guys ».
- The UN Anti-Corruption Convention will soon be applicable everywhere and the prohibition of international bribery will be not only universally condemned but also universally sanctioned.

## *10.- The advantage of being in the first badge.-*

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- The levelling of the playing field between all competitors on the global market will soon become an absolute need.
- Having a clean record will soon become a prerequisite for participating in all important ventures.
- OECD enterprises will hesitate to cooperate with coventurers who are not absolutely clean.

# *11.- Starting an integrity programme.-*

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- A.-Writing together a good code of conduct
  - establishing your corporate values;
  - creating a dialogue with all the quarters of the corporation or the group;
  - defining the problem areas;
  - devising the realistic and legitimate solutions;
  - making sure the code of conduct is « property » of the members of the corporation.

## *12.- Designating personnel capable of organizing compliance with the code.-*

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- B.- The code should be an orphan, it should not have too many fathers either.
- No real compliance without compliance officers.
- They should advise each time there is a question about the application of the rules of the code, give directions, make recommendations, do due diligence when there is a case...
- All the members of the enterprise should feel that the code is followed up.

## *13.- Adapt your human resources to your integrity plan.-*

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- C.- Do not engage people whom you cannot trust on their ability to comply with the law and the company rules.
- Have regular interviews with your colleagues on their compliance and integrate this in their yearly evaluation.
- Do not give bonuses or stock options which are incompatible with the objectives of the code.

## *14.- Information and training.-*

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- D.- Make sure your code and the general lines of your programme are well understood by your personnel.
- This will require a separate communication effort, to be done in all parts of the enterprise, with the affiliates and coventurers included.
- People exposed to specific risks should be trained in order to create the good reflexes in difficult situations.



## *15.- Monitoring, audit and whistleblowing.-*

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- E.- One must organize a system whereby one makes sure the data of possible wrongdoing are identified and reported back.
- This is the normal part of any reasonable risk management policy.
- Whistleblowing and whistleblowing protection may be difficult in a previously State economy.
  - also a problem in France
  - it is a fair tool of proper risk assesment.

## *16.- Sanctioning.-*

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- G.- Any wrongdoing must be followed by a due diligence examination and, if proven , an appropriate sanction must be taken.
- This is a question of credibility of the whole system.

## *17.- Adapting the programme in view of any problem encountered.-*

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- H.- One of the advantages of selfregulation is that it can be adapted to changing circumstances.
- Once a problem has been discovered, the necessary changes must be done to the code or to the programme.

## *18.- The regional dimension.-*

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- Integrity can the easiest be organized among people and organizations sharing the same problems.
  - It is very well possible the regional dimension is the most appropriate one.
  - The Belgian « exemple ».
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