

# **Business Principles for Countering Bribery**

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An initiative of Transparency International and Social Accountability International

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The Steering Committee that produced this document, comprised the following companies and organisations:

**Accountability**

**The Conference Board**

**Ethos**

**European Bank for Reconstruction and Development**

**General Electric Company**

**Institute for Business Ethics, Universiteit Nyenrode**

**Norsk Hydro ASA**

**PricewaterhouseCoopers**

**Responsible Business Initiative**

**Rio Tinto plc**

**Shell International Ltd**

**SGS Société Générale de Surveillance S.A.**

**Social Accountability International**

**Tata Sons Limited**

**Trade Union Advisory Committee to the OECD**

**Transparency International**

**Chairman of the Steering Committee:**

Laurence Cockcroft, Transparency International

**Observer:**

International Chamber of Commerce

The Steering Committee is grateful to the companies and organisations that submitted comments on the Consultation Draft:

**BP plc**

**Cambridge University Press**

**The Caux Round Table**

**Crédit Mutuel**

**Economiesuisse – Swiss Business**

**Federation**

**Ford of Europe GMBH**

**France Télécom**

**ISIS Asset Management plc (formerly**

**Friends Ivory & Sime)**

**General Motors Corp.**

**GlaxoSmithKline plc**

**International Federation of  
Consulting Engineers (FIDIC)**

**Groupe Renault**

**Société Générale**

**Suez**

**UBS AG**

**Christine Parker, Professor of  
Law, University of New South  
Wales**

The companies that generously allowed the Steering Committee to undertake Field Tests of the Business Principles were:

BP Exploration (Caspian Sea) Limited, Azerbaijan

Sika AG, Switzerland

The Tata Iron and Steel Company Limited, India

### Foreword

Transparency International and Social Accountability International are delighted to have facilitated the initiative for the Business Principles for Countering Bribery. These were developed in a partnership project undertaken with a Steering Committee drawn from companies, academia, trade unions and other non-governmental bodies.

We believe that the timing is right for the introduction of the Business Principles. Companies must now take account of increasingly stringent domestic and international regulatory frameworks. There is growing corporate awareness of the risks posed by bribery, particularly in the light of recent scandals, and the public is expecting greater accountability and probity from the corporate sector.

For the first time, there is a practical tool to which companies can look for a comprehensive reference to good practice to counter bribery. We hope that the Business Principles will become an essential tool for businesses and we encourage companies to consider using them as a starting point for developing their own anti-bribery systems or as a benchmark.

The Business Principles have been pitched at a good practice level to attract the widest possible acceptance. The Business Principles reflect the views of the Steering Committee and do not necessarily reflect the policies of its individual members on particular topics. As a “living document”, the Business Principles are expected to evolve over time to reflect changes in anti-bribery practice as well as the lessons learned from their use and application by business.

We hope that companies will find the Business Principles to be of value and that those using them will contribute to their further development.

Jermyn Brooks, Executive Director  
Transparency International

Eileen Kohl Kaufman, Executive Director  
Social Accountability International

# 1 Introduction

The Business Principles for Countering Bribery (the “Business Principles”) have been developed by a group of private sector interests, non-governmental organisations and trade unions as a tool to assist enterprises to develop effective approaches to countering bribery<sup>1</sup> in all of their activities.

The Business Principles also give practical effect to recent initiatives such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the ICC Rules of Conduct to Combat Extortion and Bribery and the anti-bribery provisions of the revised OECD Guidelines for Multinationals.

The Business Principles have been designed for use by large, medium and small enterprises. They apply to bribery of public officials and to private-to-private transactions. The purpose of the document is to provide practical guidance for countering bribery, creating a level playing field and providing a long-term business advantage.

<sup>1</sup> Bribery: An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business.

## 2 The Business Principles

- **The enterprise shall prohibit bribery in any form whether direct or indirect**
- **The enterprise shall commit to implementation of a Programme to counter bribery**

These Business Principles are based on a commitment to fundamental values of integrity, transparency and accountability. Enterprises shall aim to create and maintain a trust-based and inclusive internal culture in which bribery is not tolerated.

The Programme is the entirety of an enterprise's anti-bribery efforts including values, policies, processes, training and guidance.

## 3 Aims

**The aims of the Business Principles are to:**

Provide a framework for good business practices and risk management strategies for countering bribery.

Assist enterprises to:

- a) eliminate bribery
- b) demonstrate their commitment to countering bribery
- c) make a positive contribution to improving business standards of integrity, transparency and accountability wherever they operate.

## 4 Development of a Programme for Countering Bribery

- 4.1 An enterprise should develop a Programme reflecting its size, business sector, potential risks and locations of operation, which should, clearly and in reasonable detail, articulate values, policies and procedures to be used to prevent bribery from occurring in all activities under its effective control.
- 4.2 The Programme should be consistent with all laws relevant to countering bribery in all the jurisdictions in which the enterprise operates, particularly laws that are directly relevant to specific business practices.
- 4.3 The enterprise should develop the Programme in consultation with employees, trade unions or other employee representative bodies.
- 4.4 The enterprise should ensure that it is informed of all matters material to the effective development of the Programme by communicating with relevant interested parties.

## 5 Scope of the Programme

In developing its Programme for countering bribery, an enterprise should analyse which specific areas pose the greatest risks from bribery.

The Programme should address the most prevalent forms of bribery relevant to the enterprise but at a minimum should cover the following areas:

### 5.1 Bribes

- 5.1.1 The enterprise should prohibit the offer, gift, or acceptance of a bribe in any form, including kickbacks, on any portion of a contract payment, or the use of other routes or channels to provide improper benefits to customers, agents, contractors, suppliers or employees of any such party or government officials.
- 5.1.2 The enterprise should also prohibit an employee from arranging or accepting a bribe or kickback from customers, agents, contractors, suppliers, or employees of any such party or from government officials, for the employee's benefit or that of the employee's family, friends, associates or acquaintances.

### 5.2 Political contributions

- 5.2.1 The enterprise, its employees or agents should not make direct or indirect contributions to political parties, organisations or individuals engaged in politics, as a way of obtaining advantage in business transactions.
- 5.2.2 The enterprise should publicly disclose all its political contributions.

### 5.3 Charitable contributions and sponsorships

- 5.3.1 The enterprise should ensure that charitable contributions and sponsorships are not being used as a subterfuge for bribery.
- 5.3.2 The enterprise should publicly disclose all its charitable contributions or sponsorships.

### 5.4 Facilitation payments

- 5.4.1 Recognising that facilitation payments<sup>2</sup> are a form of bribery, the enterprise should identify, minimise and preferably eliminate them.

### 5.5 Gifts, hospitality and expenses

- 5.5.1 The enterprise should prohibit the offer or receipt of gifts, hospitality or expenses whenever such arrangements could affect the outcome of business transactions and are not reasonable and bona fide expenditures.

## 6 Programme Implementation Requirements

The following section sets out the requirements that enterprises should meet, at a minimum, when implementing the Programme.

### 6.1 Organisation and responsibilities

- 6.1.1 The Board of Directors or equivalent body should base their policy on the Business Principles and provide leadership, resources and active support for management's implementation of the Programme.
- 6.1.2 The Chief Executive Officer is responsible for ensuring that the Programme is carried out consistently with clear lines of authority.
- 6.1.3 The Board of Directors, Chief Executive Officer and senior management should demonstrate visible and active commitment to the implementation of the Business Principles.

### 6.2 Business relationships

The enterprise should apply its Programme in its dealings with subsidiaries, joint venture partners, agents, contractors and other third parties with whom it has business relationships.

<sup>2</sup> Facilitation payments: Also called "facilitating", "speed" or "grease" payments, these are small payments made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement.

### 6.2.1 Subsidiaries and joint ventures

- 6.2.1.1 The enterprise should conduct due diligence before entering into a joint venture.
- 6.2.1.2 The enterprise should ensure that subsidiaries and joint ventures over which it maintains effective control adopt its Programme. Where an enterprise does not have effective control it should make known its Programme and use its best efforts to monitor that the conduct of such subsidiaries and joint ventures is consistent with the Business Principles.

### 6.2.2 Agents

- 6.2.2.1 The enterprise should not channel improper payments through an agent.
- 6.2.2.2 The enterprise should undertake due diligence before appointing an agent.
- 6.2.2.3 Compensation paid to agents should be appropriate and justifiable remuneration for legitimate services rendered.
- 6.2.2.4 The relationship should be documented.
- 6.2.2.5 The agent should contractually agree to comply with the enterprise's Programme.
- 6.2.2.6 The enterprise should monitor the conduct of its agents and should have a right of termination in the event that they pay bribes.

### 6.2.3 Contractors and suppliers

- 6.2.3.1 The enterprise should conduct its procurement practices in a fair and transparent manner.
- 6.2.3.2 The enterprise should undertake due diligence in evaluating major prospective contractors and suppliers to ensure that they have effective anti-bribery policies.
- 6.2.3.3 The enterprise should make known its anti-bribery policies to contractors and suppliers. It should monitor the conduct of major contractors and suppliers and should have a right of termination in the event that they pay bribes.
- 6.2.3.4 The enterprise should avoid dealing with prospective contractors and suppliers known to be paying bribes.

### 6.3 Human resources

- 6.3.1 Recruitment, promotion, training, performance evaluation and recognition should reflect the enterprise's commitment to the Programme.
- 6.3.2 The human resources policies and practices relevant to the Programme should be developed and undertaken in consultation with employees, trade unions or other employee representative bodies as appropriate.
- 6.3.3 The enterprise should make it clear that no employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes even if it may result in the enterprise losing business.
- 6.3.4 The enterprise should apply appropriate sanctions for violations of its Programme.

### 6.4 Training

- 6.4.1 Managers, employees and agents should receive specific training on the Programme.
- 6.4.2 Where appropriate, contractors and suppliers should receive training on the Programme.

### 6.5 Raising concerns and seeking guidance

- 6.5.1 To be effective, the Programme should rely on employees and others to raise concerns and violations as early as possible. To this end, the enterprise should provide secure and accessible channels through which employees and others should feel able to raise concerns and report violations ("whistle-blowing") in confidence and without risk of reprisal.
- 6.5.2 These channels should also be available for employees and others to seek advice or suggest improvements to the Programme. To support this process, the enterprise should provide guidance to employees and others with respect to the interpretation of the Programme in individual cases.

### 6.6 Communication

- 6.6.1 The enterprise should establish effective internal and external communication of the Programme.
- 6.6.2 The enterprise should, on request, publicly disclose the management systems it employs in countering bribery.
- 6.6.3 The enterprise should be open to receiving communications from relevant interested parties with respect to the Programme.

### 6.7 Internal controls and audit

- 6.7.1 The enterprise should maintain accurate books and records, available for inspection, which properly and fairly document all financial transactions. The enterprise should not maintain off-the-books accounts.
- 6.7.2 The enterprise should establish feedback mechanisms and other internal processes supporting the continuous improvement of the Programme.
- 6.7.3 The enterprise should subject the internal control systems, in particular the accounting and record keeping practices, to regular audits to provide assurance that they are effective in countering bribery.

### 6.8 Monitoring and review

- 6.8.1 Senior management of the enterprise should monitor the Programme and periodically review the Programme's suitability, adequacy and effectiveness and implement improvements as appropriate. They should periodically report to the Audit Committee or the Board the results of the Programme review.
- 6.8.2 The Audit Committee or the Board should make an independent assessment of the adequacy of the Programme and disclose its findings in the Annual Report to shareholders.

### Transparency International

Transparency International is the leading international organisation devoted to curbing bribery. It was founded in 1993 with the mission to build coalitions of civil society, governments and the private sector to join in the fight against corruption. TI's work is based on the belief that corruption is a major threat to human rights, development and international trade, and that containing corruption to manageable levels calls for the creation of a broad coalition. TI views engagement with the private sector as key to its mission.

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### Social Accountability International

Social Accountability International, a non-governmental, non-profit organisation founded in 1997, seeks to improve workplaces and communities around the world by developing and promoting voluntary standards combined with independent verification and public reporting. To operate such social accountability systems, SAI follows an international, consensus-based approach that actively engages business, workers and trade unions, government, socially responsible investors, and non-governmental organisations.

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