TRANSPARENCY INTERNATIONAL

Business Principles for Countering Bribery: TI Six Step Process

A practical guide for companies implementing anti-bribery policies and Programmes

July 2005

INTRODUCTION

The TI Six Step Implementation Process forms part of the suite of tools being developed to support the Business Principles for Countering Bribery (Business Principles), an anti-bribery code developed by Transparency International (TI) in co-operation with leading companies and non-corporate stakeholders.

The Business Principles set a good practice framework for an anti-bribery Programme and are supported by a TI produced Guidance Document. However, these documents do not explain how companies can practically put in place an anti-bribery Programme[1]. The focus for the Business Principles initiative is on implementation – it is not enough for an enterprise to rely on a no-bribes policy – effective anti-bribery performance depends on an effective implementation programme as well as rhetorical commitment. The TI Six Step Process is a tool for reaching this implementation goal and aims to give a practical guide to companies which do not have an anti-bribery Programme and want to start on the route of implementing one. Some companies may feel that the Six Step Process advocates a best practice approach rather than good-practice and that the requirements of implementing such a Programme could be time consuming and costly. Companies with this concern may choose to take a staged approach to implementation of a Programme based on their risk assessment and the resources they have available.

The route follows the TI Six Step Process shown in the chart on page 4 of this document. The process starts with defining the company's anti-bribery policy; step 2 is the planning stage in which the company sets out its implementation approach and step 3 covers the detailed integration of the Programme into the policies and processes of the enterprise. Step 4 is the implementation phase where the programme is communicated and training given so employees and business partners are made aware of their responsibilities and how they should deal with countering bribery. Finally, steps 5 and 6 describe how performance can be monitored and the review and improvement processes that are necessary.

The TI Six-Step Process can also be of use for companies that already have elements of a system in place; allowing them to enter the TI Six-Step Process at a stage of their choice. The TI Six-Step Process is flexible and can be modified to take into account the size of a company and its ability to complete the steps within the suggested timeframe. This document will be of use to any manager concerned with countering bribery but it will be most relevant to senior managers charged with developing and implementing an effective program in line with the Business Principles.

Comments on the TI Six Step Process and suggestions for its improvement are welcome and they should be sent to the TI Secretariat for the Business Principles for Countering Bribery, businessprinciples@transparency.org.

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[1] The Programme is the entirety of a company' anti-bribery efforts including values, policies, processes, training and guidance

Contents

TI SIX STEP PROCESS CHART

BUSINESS PRINCIPLES FOR COUNTERING BRIBERY: SIX STEP IMPLEMENTATION

Step	1	2	3	4	5	6
Action	Decide to adopt a no bribes policy	Plan the implementation	Develop detailed anti-bribery Programme	Implement Programme	Monitor	Evaluate and improve
Primary responsibility	Owner of company / board / CEO	Appointed senior manager / Project Team	Appointed senior manager / heads of department	Appointed senior manager / line managers / support functions / business partners	Ethics / compliance officer Internal and external auditors	Owner of company / board / CEO / audit committee
Process	Obtain commitment to no-bribes policy "from the top"	Define specific company risks / review current practices	Integrate no-bribes policy into organisational structure and assign responsibilities	Communicate anti-bribery Programme - internal / external	Regular reviews of the system	Receive feedback from monitoring
	Decide to implement an anti-bribery Programme	Review all legal requirements	Review ability of service functions to support new Programme	Run training courses for all employees and business partners	Capture knowledge from incidents	Evaluate effectiveness of Programme
	Decide extent of any public disclosure	Write no-bribes policy, develop and write anti-bribery Programme	Develop detailed implementation plan to include: • adapt HR policies • communications • training programmes	Ensure capabilities are in place of specialist functions up to speed: internal audit, finance, legal department	Use external verification providers	Develop improvements to Programme
	Appoint senior manager / cross-functional Project Team	Test / get commitment from senior management / selected employees	Set up issues reporting function	Deal with incidents	Review use of issues (whistle-blowing) channels	Report to management
			Prepare for incidents	Review role of Project team		Board review and sign-off on Programme
						Publish Programme process and results (optional)
Time span	One Month	Three to six months	Three to six months	One year	Continuous	At least annually

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STEP I: DECIDE ON A NO-BRIBES POLICY AND ON IMPLEMENTING A PROGRAMME

"Making the case"

Deciding on a no-bribes policy

Why would a company decide on a no-bribes policy? Effective anti-bribery performance can be expensive and managers at all companies need to be able to make the case for this corporate investment based on complying with laws, on the benefits from countering risks, enhancing the company's reputation and improving the environment to carry on its business. The risks from bribery and the costs of countering the risks will have to be assessed in the context of other risks identified through the company's overall risk management process. There can be a combination of reasons for a company's motivation in adopting a policy and some are suggested in the box below.

Figure 1: Reasons why a company might adopt a no-bribes policy

- *Risk management process*
  - o *Identification of bribery as a significant risk*
- *Reputation management*
  - o *Analysis of extent of damage if incident occurs*
  - o *Key role of business partners and supply chain*
  - o *Maintaining capital market standing*
  - o *Customer acceptance/positive view*
  - o *Current and future employee motivation*
- *Legal risks identified*
  - o *Definition of civil and criminal law consequences of acts of bribery*
- *Crisis response*
  - o *Avoid recurrence*
  - o *Demonstrate improved policies and controls*
  - o *Mitigate legal and other sanctions*
- *Being a responsible company*
  - o *Definition of company values and principles*
  - o *Response to SRI movement e.g. FTSE4Good, Dow Jones Sustainability Index*
  - o *Voluntary codes e.g. UN Global Compact, Global Reporting Initiative, Business Principles for Countering Bribery*
  - o *Stakeholder pressure/CSR movement*
- *Third party requirement*
  - o *Procurement requirements e.g. World Bank, Export Credit Agencies, customers*
- *Collective action or sector benchmarking*
  - o *Sectoral codes: e.g. International Federation of Inspection Agencies - Code of Conduct; International Federation of Consulting Engineers - Integrity Management System*
  - o *Sectoral initiatives: Arms and Defence, Extractive Industries Transparency Initiative, Engineering & Construction prevention of bribery initiative*
- *Corporate governance*
  - o *Sarbanes-Oxley*
  - o *UK Combined Code*
  - o *Stock Exchange regulations*

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STEP1: DECIDE ON A NO-BRIBES POLICY AND ON IMPLEMENTING A PROGRAMME

Rather than acting in crisis mode, it will clearly be preferable for the company to develop a no-bribes policy from internal insight, recognising that countering bribery is an essential and critical part of risk management, and to a timetable of its choice as a planned initiative to avoid potential future problems.

Getting commitment from the top

The no-bribes policy decision must have ownership from the top with the stated commitment supported by actions in the implementation step described later. The goal is to develop a culture of honesty throughout the business, clearly driven from the top. The first step will usually be for the Chairman or Chief Executive (CEO) to make a presentation or report to the board, perhaps after review by risk management function or board audit committee.

This commitment to the no-bribes policy will also need to be extended across the top of the management in operational and key support departments. If perceptions in the company are that it is just a pet project of, for example, the corporate affairs department to which the Board has given merely routine approval, implementation is unlikely to be successful. It will be crucial to convince senior managers in sales and operations of the merits of the policy and the degree to which the board and top management is committed.

Once the company has agreed on the principles of its no-bribes policy, it must give substance to the no-bribes policy through developing and committing to implement a detailed anti-bribery Programme as described in the Business Principles.

The board should endorse this process for developing a detailed Programme and make it clear from the start that it attaches strategic importance to the implementation process. The Chairman or CEO should be the project owner and provide oversight for the project and a senior manager should be appointed as project manager to take organisational responsibility for implementing the Programme. Only in smaller companies will the CEO also take responsibility for implementation.

Figure 2: Cross-functional Project Team membership could be from the following functions

- *Core business operations*
- *Purchasing*
- *Supply chain management*
- *Production*
- *Marketing*
- *Legal*
- *Risk management*
- *Finance*
- *Internal Audit*
- *Ethics Officer*
- *Compliance Officer*
- *Security*
- *Corporate Affairs*
- *Human Resources*
- *Information technology*
- *Employee representatives*

A starting point for the board's consideration when deciding whether to implement a detailed anti-bribery Programme is the useful assumption that for every case of bribery detected in its business, there are probably many more that remain undetected.

The board needs to understand the likely impact of the implementation project and the change process. For instance, how can a business reach all its employees whether there are 1,000 or 100,000? Another challenge could be how far the company needs to carry through its anti-bribery Programme to its business partners.

Setting up a cross-functional Project Team

The next step is to appoint a cross-functional leadership Project Team. Depending on existing internal organisational structures, members could be drawn from functions such as those shown in the box. Human Resources (HR) is included as the Programme will need redesign of recruitment, performance, training, appraisal, remuneration and sanctions structures. It is imperative that senior representatives from the mainstream of the business operations are included and participate actively in the team. The

Project Team should be led or chaired by an appointed senior manager. In step 3, a further manager may be appointed to be responsible to lead the detail of the planning process.

Deciding the extent of any public disclosure

The company must make an important decision if it wishes to communicate to the outside world that it has introduced a no-bribes policy and Programme and if so, to what extent successes and failures should be disclosed. The company's own commitment to a no-bribes policy is a voluntary move and as such, will have only limited credibility outside the company unless it decides on a limited disclosure of its existing no-bribes policy and Programme. The risk in disclosing the introduction of an anti-bribery policy and Programme is that the company may do this before the Programme is fully operational and this could result in pressures from stakeholders for information and reporting on performance before it is ready. The board may choose to postpone a decision on disclosure on disclosure policies until it has the results from later steps in the implementation process.

Public disclosure can help in deterring demands for bribes.

Focusing on meeting the timetable

To complete the above actions, Step 1 could take at least one month if buy-in is to be achieved at the board level with consequent commitment to provide support to the Project Team. Time span indications on the chart for the Six Step Process are an attempt to provide a guide to the average time required to complete each step for mid-sized to large companies. For large international groups, a much longer time might be required for the implementation process. A small company by contrast, may be in a position to speed up decision making and design processes to beat the timing shown.

The leader of the Project Team should set and oversee the timetable for each of the steps. If there is no one with suitable knowledge about countering bribery in the company then the Project Team may wish to use the services of professional outside advisory support.

Identifying obstacles to a decision at Step 1

There may be obstacles to progress at this early stage in the process and care should be taken to anticipate these. If the policy review is initiated under the company's own impetus it can be expected that the board will be supportive of a no-bribes policy as part of the Corporate Code of Conduct but there may be a reluctance or resistance by the Board to implementing a detailed anti-bribery Programme. This reluctance may come from a lack of awareness of the risks to the business from bribery, a concern about the costs of implementing a Programme or nervousness about possible external image consequences. The board and/or senior management need to be given comfort about these concerns.

Figure 3: Obstacles to a decision

- Board resistance;
- Competing business priorities
- Management opposition or inertia;
- Lack of awareness of the issue;
- No existing Code of Conduct;
- Cost concerns;
- No clearly assigned responsibility for the implementation project.

Board reluctance is less likely if the project has the full backing of the Chairman, CEO or non-executive directors but success will still depend on top level commitment being transmitted through to operational management.

If the company does not have a written set of corporate values or Code of Conduct then consideration of a no-bribes policy may be slowed down by anti-bribery being wrapped into a wider review of ethical standards or development of a Code of Conduct.

A lack of clearly defined responsibility for the implementation project would result in a further risk. The leadership role of the Chairman/CEO will be important in managing this aspect.

STEP 2: PLAN THE IMPLEMENTATION

"Setting the framework"

In this Step, the Project Team will first establish a common understanding of its task, agree the aims, objectives, activities and timetable and identify the information that will be needed. It will then carry out a risk assessment including a review of legal requirements and the available resources.

Drafting the no-bribes policy

The first task of the Project Team will be to write the no-bribes policy. This will be a short statement, often incorporated into the Code of Conduct or Ethics, stating that the company has a no-bribes policy and that the detailed principles which underlie this statement are contained in the company's separate or attached principles for countering bribery (these could be largely taken from the Business Principles).

> **Example of a no-bribes policy statement**
>
> *"The company has a no tolerance policy towards bribery and corruption. This policy extends to all the company's business dealings and transactions in all countries in which it or its subsidiaries and associates operate. This policy is given force in a detailed anti-bribery Programme which is constantly revised to capture changes in law, reputational demands and changes in the business. All employees are required to comply with this policy."*

In preparing the no-bribes policy and Programme it may be useful for the company to review examples of practices of other companies. This information could also be useful in Step 6 for benchmarking.

Evaluating exposure to risks of bribery

A risk assessment exercise is crucial to developing an effective anti-bribery programme – it enables the company to identify the areas most at risk and then estimate the scale of resources that the company judges it needs to invest to counter those risks.

The Project Team in carrying out the risk assessment can usefully first focus on generic risks from a) the industry sector and b) the countries in which the enterprise operates[2]. As a next step the Team can assess company specific risks based on type of transactions, business partners, nature of products and services and business processes employed. Considerations include relationships with governments and policies for political and charitable donations, gifts, entertaining and travel expenses. Facilitation payments[3] typically cause difficulties and the company will need to analyse the prevalence and use of these by its employees and company associates so that the company can work to eliminate them.

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[2] Two TI indices may be consulted: the TI Corruption Perceptions Index (CPI) ranks countries in terms of experts' perception of corruption and the TI Bribe Payers Index (BPI) evaluates the supply side of corruption - the propensity of firms from industrialised countries to bribe abroad.

[3] 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.

STEP 2: PLAN THE IMPLEMENTATION

There will be processes that are at particular risk. Those with greatest risk are traditionally in procurement and supply chain management, especially in relation to large public sector contracts. A further area of high risk for some companies is the relationship with business partners, notably joint ventures and reliance on agents and other intermediaries. Where the company's success depends on obtaining approval for licences and certificates from authorities, this can be an area of risk. Employees can also present a risk if they are not given the knowledge, training and skills related to countering bribery.

A further risk consideration for international companies will be the degree of central control with uniform policies and controls or autonomy given to local operations with differing systems in operation.

Consultations with staff, employee representatives and external stakeholders can at this stage serve a twofold purpose: firstly, ensuring that the company is aware of risks that may not be so obvious to management (or the Project Team) and, secondly, getting valuable buy-in from those who will bear the main task of working with the new Programme. The company may find it of value to involve some stakeholders such as suppliers to learn how the company is perceived in relation to the integrity of its practices.

Past bribery cases which have occurred inside the business can provide useful material in deciding what needs to be covered in the Programme and where current methods are inadequate to counter risks of bribery.

Figure 4: Key areas for risk review

- *Business operations in sectors susceptible to bribery*
- *Countries of operation where corruption is prevalent*
- *Subsidiaries and branches*
- *Joint ventures*
- *Agents and intermediaries*
- *Procurement processes and supply chain*
- *Large public contracts*
- *Business operations dependent on critical licenses or certification*
- *Specified types of transactions*
- *Employees exposed to high risk*

The results of the review of risk by the Project Team should be documented and can be used later in the process to develop a risk management model for the company for regular use to ensure that the anti-bribery Programme is maintained and improved.

Reviewing all legal requirements

A key to preparing processes and guidance material for the no-bribes policy is to be clear which laws and regulations affect the company's own operations, managers and staff. The guidance needs to be set out clearly, or accessible easily e.g. via an internal website, as it will act also as a deterrent once staff understand the personal risk they incur if they themselves bribe or if they tolerate bribery to take place in the business. Such material should be kept up to date by the legal department which should also act as advisers in matters of interpreting the meaning and scope of the anti-bribery laws.

Companies with international operations have a real challenge in understanding the anti-bribery and corruption laws in each jurisdiction in which they operate. Companies operating in multiple jurisdictions should establish detailed general guidance that includes an appropriate mechanism for country-specific adjustment. The company should check that local subsidiaries or their legal advisors are carrying responsibility for knowing the laws which operate in their country.

It is usual to state that it is the company's policy to comply with the laws and regulations in all the countries in which the company or its subsidiaries and associates operate. It may also be helpful to add that in many jurisdictions sanctions against bribery are severe and can damage a company's reputation as well having negative and possibly criminal consequences for the individual employee. Thus it should be made clear to employees that they should make it their business to understand what the local laws provide, as well as alerting them to the extra-territorial reach of anti-bribery laws in OECD and other countries.

Developing and writing the anti-bribery Programme

The Programme is the entirety of a company's anti-bribery efforts including values, policies, processes, training and guidance. The largest part of Step 2 therefore falls on the writers of this Programme which forms the basis for the detailed implementation plan in Step 3. The Programme needs to have reasonably detailed statements of policies and processes. Such statements should ordinarily address questions of law e.g., defining bribery and explaining what the corporate policy means, scope and coverage e.g. treatment of subsidiaries, agents, business partners and procedures e.g., due diligence on agents, minimum contract requirements, etc. The Programme should cover at least the following areas:

- An overall statement of the company's policy and Programme;
- Which department will be responsible for monitoring compliance with the Programme (ethics or compliance officers, internal audit, legal department, corporate affairs etc);
- The role of the legal department;
- How the Programme will be communicated to employees and business partners and by whom;
- What changes will be needed in the HR policies to support the Programme;
- Who will be responsible for training staff (centralised/decentralised);
- How advisory and complaints channels will be set up;
- The process for reporting progress on the Programme to top management and to the board/board audit committee/board ethics committee;
- The extent to which external assurance processes will be engaged to increase the external (and internal) credibility of the Programme;
- To what extent the Programme should be communicated externally including the company's successes and failures.

The volume and complexity of this written document will vary greatly with the size of the company and for small or medium sized companies can cover the above matters very briefly in relation to the simpler organisational structure of the business.

Consideration of the resources required to implement the programme should be borne in mind by the Project team when drafting the Programme but the detailed assessment and provision of resources to support the Programme is carried out in Step 3.

Testing the written Programme

Before using the resultant document from Step 2 to develop the detailed implementation plan, it can be a useful safety check for the Project Team to obtain feedback from management, the board employee representatives and, if the company judges it suitable, key external stakeholders whether matters covered are clear, are capable of implementation as described and whether anything of importance has been omitted. Apart from improving the process, such consultation will again ensure that decision makers are brought along in supporting the necessary changes. This will be essential where substantial changes in HR policies become necessary.

STEP 3: DEVELOP THE PROGRAMME CONTENT

"Filling out the Programme"

In Step 3, the Team will focus on developing the detail of the Programme content and turning it into a well-documented change management exercise with timelines, responsibilities and goals.

Integrating policy into organisation structure and assigning responsibilities

The roles of the legal counsel, HR department, communications/PR professionals (with appropriate IT/audio visual support), training teams, monitoring staff, all need to be coordinated to be able to deliver the changed processes, communications and training support, at the agreed start date for the new policy. Essentially the techniques to be adopted are those applicable to any change management process in a business environment. The leader of this process should preferably be a manager with project management experience whose job will be both to put together the plan and to oversee and progress chase it to completion.

Decisions will be required on how to integrate the new policies into existing systems and structures of the business.

Figure 5: Decisions for integration of the no-bribes policy

- *Should an ethics officer be appointed or should responsibility be distributed across the business with a board member assigned with oversight?*
- *Should someone be given responsibility for helping employees to understand applicable law, local or otherwise?*
- *Who will prepare reports for the management, audit committee and board and how often?*
- *Should new departments be set up to deal with the required advisory and complaints function or can existing departments cope with these demands (legal department, internal audit, ethics officer, etc)?*
- *How will the changes to the HR policies be agreed and who needs to be involved to obtain such agreement?*
- *If remuneration and incentives/sanctions are to be changed will these require employee representatives to be consulted beforehand?*
- *Can training programmes be internally generated or outsourced?*
- *How is training of employees in distant locations to be dealt with?*
- *How will management ensure that all employees regularly go through training sessions?*
- *Should management at each location be required to submit at regular intervals written confirmations of compliance of their units with the policy?*

These and many more questions will need to be answered and documented as part of the detailed implementation preparation phase. It is possible to announce a new policy and to introduce supportive measures to counter bribery throughout the business gradually. The danger with such a process is that for employees it may appear that management is not very

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serious about implementing the policy of holding all employees accountable for revised behaviour under the new policy. It may be difficult to recover credibility after a slow start. Employees need to be convinced that management has the tenacity and determination to see this process through, and that potential business implications - such as failure to secure contracts or implement projects on time being attributed to the policy - have been thought through.

Reviewing the capacity of support functions

The success of implementing the programme will depend greatly on the ability of the support functions within the company to take on the change in thinking required by the Programme and to provide the necessary skills and resources to support other functions and carry it through the business.

The project team should review the requirements needed of the support functions and identify areas where these may need to be strengthened. This process may need to call on support from the top if there is resistance to allocating the resources or to accepting the responsibilities. Some specific requirements are listed below.

- The legal department will need to ensure it has an adequate database to record relevant laws and has assigned responsibility for tracking and monitoring changes in law. This will include assigning responsibility to legal departments or their advisers in local operations where the company operates internationally. The company may wish to designate one or more officers as experts for the purposes of its no-bribes policy.

- Finance will need to adapt reports, develop related software for implementing the Programme and implement enhanced controls to deter corrupt transactions.

- Internal audit will need to consider adapting audit programmes and perhaps building forensic audit capability.

- The role of HR is critical and is discussed in the next section.

Reviewing the capacity of operational functions

Operational functions must also be convinced of the value of implementing the programme and they must carry it through their departments. The key functions include procurement, supply chain management, marketing and sales.

- Procurement and supply chain management will need to review processes and consider to what extent the Programme should be communicated to suppliers and training given, what requirements should be placed on the supply chain to align suppliers to the company's Programme and how the effectiveness of this can be monitored.

- Marketing and sales will need to review appraisal and remuneration polices and processes, training, communication of the existence of the Programme to customers. If the company has agents then the requirements of the Programme should be communicated to them and contracts amended to provide the right to terminate the agency in the event of the agent violating the Programme.

Adapting the HR policies

Changed behaviour should be supported by consistent messages to employees. If incentives in place reward high sales achievements and give no credit for orders refused where they could only be achieved unethically, then employees will continue to behave as if the no-bribes policy did not exist. It is therefore necessary to review the totality of a company's HR policies to determine how they need to be changed to actively support ethical behaviour by employees. This starts with recruitment policy, the type of contract new employees are asked to sign (i.e. including clear reference to the company's values and policies), the contents of the induction courses they attend, how often they are required to attend refresher courses, how their performance is measured (is compliance with the company values and Programme a criterion?), how they are evaluated if they turn down a large contract because of suspected corruption, is their commitment to and record on compliance with the company values taken into account when considering promotions, how they are viewed if they pass on complaints or "blow the whistle", whether top management is seen to "walk the talk" even when under performance pressure themselves, whether this is supported by formulae to reduce executive bonuses for occurrences of incidents in functions under their responsibility, even if they may be unaware of the violations and how this will be evaluated by the board or its remuneration committee.

> ***In the majority of businesses there is much work to be invested in the HR policy revision area and many businesses neglect its importance. The no-bribes policy will only be partially successful if these important changes are not made.***

Developing and implementing training programmes

Specially developed programmes will be required to explain the new anti-bribery Programme, why it was considered necessary (based on new legislation, increased reputational risk, etc), how it will affect individual employees, how they can get advice or lodge complaints, what sanctions will be imposed for unacceptable behaviour and how to deal with a number of marginal areas when operating in corrupt environments. Usually, it is useful to construct case studies so that training participants can test the application of principles in concrete situations and to understand better that sometimes there are shades of grey rather than clear right and wrong answers. Clear guidance needs to be given on when exceptions may be justified (for instance when faced by physical threat). The overall purpose of the training programme will be to support the company's culture of no tolerance towards bribery.

In addition to specially developed training programmes there are many opportunities in most companies to cover anti-bribery issues as one module of another training programme and these opportunities should be used to the maximum. Impact is particularly strong if the CEO or another top manager participates in such one-off sessions to underline how important this issue remains for the company and its board. A standard presentation could be developed to assist top managers taking on this role.

Developing the communications strategy

How the new policy is communicated inside the business (but also outside where appropriate) can substantially enhance the credibility of management's commitment in the eyes of the employees.

The main concern for internal communication will be to ensure that along with all other important messages for staff, the message on the no-bribes policy remains high on each person's agenda. This includes making sure that they know that they will be measured on compliance when remuneration levels are evaluated and so should take continuing interest in updates on this subject, critically examine their day-to-day activities and ensure that they are aware of risks.

A whole range of communication tools can be used from internal videos, featuring the CEO and elements of the new policy, to brochures for all staff, to CDs with teaching materials, to designated websites with updated information and feedback to HR that all staff have clicked on the material, to town hall meetings at each business location, etc.

Where credibility is critical, either because the company operates in an industry known for bribery and corruption, or in countries with high levels of corruption, it can make sense to let the public know that the company takes these issues seriously. While only a few companies currently provide such information in published reports or on websites, this practice is likely to grow and should be evaluated at the start of implementing a no-bribes policy to ensure that the information which could be needed will be forthcoming.

Some companies are beginning to go even further in their communications to raise credibility of the seriousness of their anti-bribery Programmes. They are publishing the number of events discovered and investigated each year and the number of employees who were asked to leave as a consequence. As a minimum, for those companies which do report publicly on their efforts to combat corruption, credibility will be raised if situations are reported where the company has not yet reached the desired level of compliance with its own high standards.

Establishing the advisory and issue raising functions

The values of advisory and issue raising functions are discussed in the TI Guidance Document with the ways they should be established. Choices need to be made between in-house functions (denoting a person or department which will engender trust in the largest group of employees) or external addresses, such as lawyers, specialist firms or "ombudsmen". It may prove possible to integrate anti-corruption functions within already existing channels.

Processes need to be set up which safeguard confidentiality and/or anonymity, e.g. emails are problematical, and language can become a problem in international companies. Employees should be encouraged frequently to consult and to use the advisory function even if they are almost certain how they should behave when confronted by external pressures from bribery. An act of "whistle-blowing" can sometimes indicate a failure to detect a problem early enough, so real emphasis placed on advising employees on good practice before they encounter a problem can pay dividends.

The company should also consider setting up advisory lines and whistleblowing channels for business partners including suppliers and agents. They could also be set up even for

members of the public if the company is operating in countries where there is a high level of bribery.

Setting up recognition and sanctions processes

Anti-bribery Programmes can fail if consistent recognition and sanctions systems are not put in place at the outset and understood by all. Employees who refuse to conclude transactions, no matter how significant, when confronted with bribery, should be singled out for praise and reward. The company should demonstrate that there is a certainty that it will apply sanctions when violations occur. This means acting in accordance with the policy when incidents occur, and employees found to have offered or accepted bribes are sanctioned. Each company will have to decide how far such events should become public knowledge inside the business or externally. Application of consistent rules within the business will have a strengthening effect on the behaviour of others if they are made known.

Preparing for incidents

Major incidents of bribery are thankfully rare in most companies but because of their rarity and the possible severity of consequences to the company, there is a need to develop a procedure that assigns responsibilities and provides the processes and information to enable management and employees to deal with a major incident of bribery in a prompt, consistent and appropriate manner. Depending on the severity of the incident and the size of the company, this will include agreeing a policy and process on how to deal with incidents and matters such as whether to advise law enforcement agencies and to decide who carries out the investigation. The incident process will include appointing a senior manager to oversee the actions, setting up an incident Project Team, communicating internally and externally details of the incident and the steps being taken, reporting to authorities, the sanctions process and a communications strategy to reassure investors, employees, customers, business partners and others possibly exposed to consequences form the incident.

STEP 4: IMPLEMENT THE PROGRAMME

"Getting it working"

Communicating the new policy

After the planning and preparation, the day comes when all departments within the business go live in launching the new anti-bribery Programme. This process should again be led from the top, with the Chairman or CEO addressing the whole business and underlining the major changes and expected impact from the new policy. This launch message should then be followed up with a previously prepared campaign, using a variety of communications channels and tools to make sure existing employees cannot overlook the changes required of them. Senior management should support this by presenting to employees and attending events.

In order to protect employees from extortion or from being offered bribes and kickbacks from suppliers and customers, the new policy should be communicated to key firms in the supply chain with an indication that employees will suffer sanctions if they accept bribes and that, for instance, vendors found not complying with the new policy will be removed from the list of accepted suppliers. Similarly, the Programme should be communicated to business partners such as joint ventures, agents and other intermediaries.

Messages will need to be renewed regularly to ensure employees and sub-contractors working within the business do not forget the importance of the anti-bribery Programme in their daily work. Emphasis will need to be placed on those employees who are most at risk, such as those in the purchasing department or capital assets procurement.

Implementing training programmes

Training is a key part of the anti-bribery programme and it should be tailored to the needs identified through the risk assessment process and to the assessment of the existing skills, knowledge and capacity of employees and of its business partners.

All existing staff should be required to attend training courses within a short period after launch of the Programme. Reliance should not be placed entirely on self-teaching materials. The opportunity for employees to discuss with well-prepared instructors or experienced managers will ensure that the lessons are driven home and that the personal commitment to changed behaviour is awakened. Formal training can be supplemented by informal gatherings at which employees can exchange experiences and solutions. This can overcome initial reactions to the effect that guidance material is theoretical, impractical and not relevant to the individual employee. Employees working in processes that have been identified as areas of risk should be provided with additional training developed for their specific functions.

Use of the advisory and complaints facility should be explained and examples worked through to show what feedback will be received, how anonymity is safeguarded, and how the position of the complainant will be protected. To reduce the number of irrelevant complaints, part of this training will help employees understand what issues are appropriate to raise. Regular participation in training sessions should be recorded in the individual's personnel file.

Where business partners, agents, supply chain participants or outsourcing partners are important to the success of the company's anti-bribery Programme, it will be necessary to

communicate to the partners that the Programme is in place and what is required of them. The company can offer or even require their participation in anti-bribery training courses to understand the company's Programme and to provide confirmation that they will follow these in all their dealings with the company.

Ending the initial implementation process

The conclusion of Step 4 is the end of the development phase and the Project Team can decide at this point to wind itself up or it can change its terms of reference to become a continuing body with operational oversight of the anti-bribery Programme. Alternatively, the Project Team may decide to remain in action until it has seen the anti-bribery Programme proceed through Steps 5 and 6 and then at the end of Step 6, a decision can be made about forming a permanent cross-functional body such as a Steering Committee with redefined terms of reference to provide continuing oversight to the Programme.

STEP 5: MONITOR

"Is it working?"

Monitoring the system

In designing the system it will have been decided which department or function holds the responsibility for monitoring and improving the Programme. Sometimes this will be the responsibility of an ethics department, some companies hand this work to the internal auditors and others rely on the legal department to oversee compliance. This choice is less important than the understanding that the concern here is of not just compliance with laws but with the effectiveness of implementation of the company's Programme, including its HR processes, training programmes, communications strategy and upward and external reporting, and internal reactions to the findings of the monitoring process itself. Tests will need to be made of all stages of the implemented anti-bribery Programme.

Techniques used in some companies include surveys of employees to discover the extent of their familiarity with the company policies, writing to external parties to alert them to the company policy and to ask for any indication of contravention by employees of which they may be aware, tests of purchasing results with market price information, and review for any exceptions or indication of problems noted in confirmation letters from managers, where these are required. The company may wish to benchmark itself against the programmes of peer companies. Some business sectors have found it valuable to form sector working groups to share experiences and develop sector codes and practices to counter bribery

Ultimately, is the company safer from the risk of bribery as a result of the new Programme and are the top management and the board kept informed about progress and improvements suggested based by the continuous monitoring?

Capturing experience

A record should be kept of all events which are caught by the new Programme, both attempted active bribery by the company's own employees and by third parties, whether from the company's business partners, other private sector players or from government and public officials. The company should write up case histories of incidents and build up a data bank of experience. The information can include such as how cases were detected and dealt with, whether they were reported to the law enforcement agencies, what sanctions were imposed on the employee(s), whether business partners were involved and if so, the actions taken and what sums or business opportunities were lost.

The data bank will assist in dealing with similar cases in future and also provide clues how the systems in force could be improved to prevent such failings recurring. The information can also be used in developing guidance documents for employees and business partners to form part of the training and communication activities.

If such occurrences happen with some frequency, ethics, HR and legal departments will be able to build up know-how to deal with often very stressful situations. These functions will then build their credibility within the company and become the specialists who can be called in to help when events are suspected or evident.

Obtaining external verification

In addition to internal self-evaluation and traditional external auditing processes, external independent verification can provide further security to management and to external stakeholders that the anti-bribery Programme is properly implemented and appears to be effective. This verification process will be voluntary unless called for by funding bodies, such as international financial institutions as a pre-condition for lending or by professional associations as a condition of membership. Consequently, the process will need to be discussed in detail with the verification provider chosen by reference to who will use the opinion to be given on the effectiveness of the no-bribes system. This will in turn determine the scope of the work and the related cost. The verification may be of the entirety of the anti-bribery Programme or may be limited to specific processes or business units.

Although there are a number of specialist verification providers in the non-financial area, it could still make sense in many cases for companies to use their existing external auditors who may be able to complete the work as part of their annual financial examination with consequent time savings. This decision can be taken freely by management, in consultation with the audit committee of the board.

There are good reasons for adopting external independent verification procedures for anti-bribery performance but few companies have moved to this level. However, practice in this area is evolving. Where external independent verification has been obtained this should normally be stated and the opinion published, even though such opinions may be technical in language and not informative or easy to read for the general public.

STEP 6: EVALUATE THE PROGRAMME

"How can we improve?"

Receiving feedback from the monitoring process

The culmination of the monitoring process, whether entirely internal or also including external assurance, is contained in reports to management and to the audit committee of the board. The report to the board will probably more conveniently be in summary form. Responsibility to take action on the findings and recommendations of the reports should be clarified, with the aim of not only correcting small deficiencies but also of making improvements to the Programme based on less than satisfactory developments or from enforced changes based on external factors, such as new laws or different business models or locations.

Reporting should be regular, say once a quarter to management and at least once a year to the audit committee, and it should follow a consistent pattern to allow comparison between reports. Executive summaries before each report can help focus on material issues and recommendations should be made only where significant matters arise so that readers of the reports are able to use them to ensure systems are effective and that necessary changes have been or will be made.

Deciding on improvements to the anti-bribery Programme

Evaluation of the results of the monitoring process will affect all departments involved in the original implementation. Ideally therefore, a mixed team should be formed to undertake the regular evaluation of monitoring results with membership from the same departments which made up the Project Team. Discussions will lead to recognition of areas for improvement, with several suggestions cutting across departmental responsibilities.

Solutions to the problems identified should be worked out and submitted to management for approval and implementation. The report submitted to the audit committee can then summarise the recommendations made and the actions which management have initiated. It is then up to the audit committee in discussion with management to decide whether actions taken are appropriate to deal with the risks and to improve the effectiveness of the anti-bribery Programme.

Publishing results of the evaluation process

The company should consider how it can build the credibility of its anti-bribery performance with its key stakeholders. This can be through the quality of its reporting of its performance supported by the oversight steps it puts in place.

If the company has made a decision in Step 1 to publish information about its anti-bribery Programme then such communication can range from the disclosure of the mere fact that an anti-bribery Programme exists, to a detailed account of how the Programme is being implemented and with what success. Some companies report numbers of violations detected, sanctions applied and transactions abandoned because of bribery incidents. Other reporting can cover surveys of employee perceptions and attitudes to the company's anti-bribery stance and performance or numbers of inquires or issues raised through help and whistle-blowing channels.

EVALUATE THE PROGRAMME

Most companies are likely to opt for a reduced level of publicity with a little more information about how they are coping with compliance with major legal requirements, such as anti-bribery and anti-money laundering legislation in major countries where they operate. Disclosure should avoid a PR stance and include comments on issues which are commanding management attention but perhaps add that the company believes they can be satisfactorily resolved. Any such comments must be consistent with statements on risk from bribery made by the board to comply with any statutory company reporting requirements e.g. the UK's Companies Law requires directors to make statements of risk in an Operating and Financial Review.

The company may also provide opportunity for comments to be made by stakeholders on its anti-bribery Programme with a view to providing feedback as part of the continuous improvement programme. If the company has published that it has an advice line then this can provide a useful route to communicate its practice and a whistle blowing facility. It can likewise be a way to receive confidential feedback.

CONCLUSION

The Six Step Implementation process provides a basic guide for companies to the key steps they may take in developing an effective anti-bribery Programme.

While this guide includes a wide range of suggestions to facilitate implementation, it should not be read as a comprehensive statement of all key factors affecting the introduction of no-bribes policies. The authors welcome comments from users which will help to improve the effectiveness of this guide.

Implementing an anti-bribery Programme is a change management exercise, and boards and management must recognise the scale of the task that they are embarking on. As markets and business sectors grow more complex and global, the risks from bribery will increase. Companies must make sure they are aware of the risks they are facing and be confident that their policies and systems are appropriate to minimise these risks.

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