

## **G20 HIGH-LEVEL PRINCIPLES ON PRIVATE SECTOR TRANSPARENCY AND INTEGRITY**

### **Preamble**

The private sector is an essential partner of governments in the fight against corruption, and its commitment to transparency and integrity plays an integral role in achieving anti-corruption goals. The G20 has long recognized that corruption and bribery impose a heavy price on international business and society as a whole, and the G20 has committed to lead by example in combating domestic and foreign bribery. G20 Leaders reiterated their commitment in Brisbane to improve the transparency and integrity of the public and private sectors. The 2015-16 G20 Anti-Corruption Action Plan identifies private sector transparency and integrity as a high priority in the fight against corruption, and recognizes that the G20 must work closely with the private sector in this respect.

The High-Level Principles on Private Sector Transparency and Integrity set out below are intended to complement and raise awareness of more detailed international guidelines and principles for combatting corruption, including those listed in the Annex, such as the Anti-Corruption Ethics and Compliance Handbook for Business prepared at the request of the G20 by UNODC, OECD and the World Bank and the UNODC An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide.

The Principles are not intended to create new standards or represent any form of legally binding requirement for business or G20 member states. Rather, they aim to encourage the commitment of businesses, ranging from small and medium sized enterprises (SMEs) to large businesses, for internal controls, ethics and compliance, transparency and integrity.

The measures listed in this document are suggested general elements for developing or enhancing effective internal controls and ethics and compliance programs. There is no 'one size fits all' approach. Emphasis on specific elements will vary from one business to another depending on, among other factors, the particular risks engendered by the business. A business may wish to consider seeking advice from compliance or other professionals to learn more about what kind of internal controls and ethics and compliance program is most appropriate for its business and the jurisdictions where it operates.

Implementation by G20 countries of their existing guidance and commitments, in particular the Guiding Principles on Enforcement of the Foreign Bribery Offence (2013), the Guiding Principles to Combat Solicitation (2013), the High-Level Principles on Beneficial Ownership Transparency (2014), and the G20 Principles for Promoting Integrity in Public Procurement (2015) will further support transparency and integrity in the private sector.

The G20 will continue to work with business and other stakeholders, including the B20 and C20, to combat corruption by promoting compliance through collective action and public-private sector dialogue. The G20 will also continue to encourage the implementation of effective internal controls and ethics and compliance frameworks. The G20 supports the development and implementation of anti-corruption programs for SMEs as appropriate given their size, resources, and risks, and welcome initiatives from business organizations and civil society, to provide guidance, training and awareness-raising.

## Principles

The G20 encourages businesses to develop strong, robust and effective internal controls, ethics and compliance programs and/or measures on the basis of a risk assessment to better understand the risk exposure linked to the business's industry, size, legal structure and geographical area of operation, and to allocate resources efficiently and effectively. The following Principles include elements that are important to consider in the development of effective internal controls and ethics and compliance programs, and in promoting transparency and integrity in the private sector. They are intended to be adapted by businesses, in particular SMEs, according to their individual circumstances, including their size, type, legal structure and geographical and industrial sector of operation, as well as the jurisdictional and other basic legal principles under which they operate.

- 1.** Businesses should have a clear and accessible policy on prohibiting corruption.
- 2.** Senior management, as well as the board of directors as appropriate, should clearly express and commit to the business's internal controls and ethics and compliance program, good corporate governance, transparency and integrity, for the detection and prevention of corruption. The internal controls and ethics and compliance programs must be enforced at all levels within the business, and senior managers must set the proper tone at the top for employees to follow.
- 3.** The board has a key role in setting the ethical tone of a business, not only by its own actions, but also in appointing and overseeing key executives and consequently the management in general.
- 4.** Oversight of internal controls and the ethics and compliance program should be the duty of one or more senior corporate officers, endowed with an adequate level of autonomy, resources and independence from management.
- 5.** In line with their duties, all individuals within the business should uphold the internal controls and ethics and compliance program, and take responsibility for ensuring the effectiveness of internal controls and the ethics and compliance program.
- 6.** Businesses should consider, where appropriate, external communication of their commitment to effective internal controls and ethics and compliance programs.
- 7.** The compliance program should be supported by auditing and monitoring of systems of internal accounting controls, which ensure the maintenance of fair and accurate records and detect and prevent corruption.
- 8.** Depending on the business's individual circumstances, the internal controls and ethics and compliance program should include appropriately detailed policies and procedures for particular risk areas; such as payments to domestic and foreign public officials, payments to third parties, facilitation payments, gifts, hospitality, entertainment and expenses, travel, political contributions, charitable donations and sponsorships, as well as conflicts of interest, solicitation and extortion.
- 9.** Businesses should conduct appropriate due diligence. Due diligence includes vetting new hires, agents, and business partners, and extends to the formation of joint ventures and mergers and acquisitions. Due diligence should be an ongoing process and be commensurate with the associated corruption-related risk factors.
- 10.** In cases of mergers and acquisitions, businesses should, as appropriate, promptly incorporate the acquired business into its internal controls and ethics and compliance program.

- 11.** Businesses should ensure that their subsidiaries, as well as affiliates over whom they have effective control, have internal controls and ethics and compliance measures commensurate with the risks they face.
- 12.** Businesses should take steps to encourage or, according to risk and where appropriate, to ensure that their business partners have effective internal controls and ethics and compliance measures.
- 13.** Periodic reviews of the internal controls and the ethics and compliance program should be undertaken to evaluate and improve their effectiveness and take into account evolving standards, business risks, and other circumstances as appropriate.
- 14.** Businesses should ensure regular training on their internal controls and ethics and compliance programs.
- 15.** Businesses should promote and incentivize observance of their internal controls, and ethics and compliance programs.
- 16.** Appropriate corrective and disciplinary action should be taken for failure to comply with internal controls and the ethics and compliance program.
- 17.** Effective and easily accessible reporting mechanisms and whistleblower protection should be provided to employees and others who report, on good faith and reasonable grounds, breaches of the law, or violations of the business's policies and procedures. Businesses should undertake appropriate action in response to such reports.

## RELEVANT INSTRUMENTS ON BUSINESS TRANSPARENCY AND INTEGRITY

The following instruments and tools provide guidance for countries to promote the adoption by business of compliance programs and codes of conduct to prevent and detect corruption and for companies to set up such programs. The G20 High-Level Principles on Business Transparency and Integrity complement but are not to supplant this existing guidance.

International anti-corruption conventions:

- United Nations Convention against Corruption (UNCAC) ([https://www.unodc.org/documents/brussels/UN\\_Convention\\_Against\\_Corruption.pdf](https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf))

Organization for Economic Co-operation and Development (OECD) Convention Combating Bribery of Foreign Public Officials in International Business Transactions and its 2009 Recommendation. Businesses seeking to develop The Principles may also wish, in those countries which adhere to the following inter-governmental tools, to consider;

- OECD Good Practice Guidance on Internal Controls, Ethics and Compliance (2010) (<http://www.oecd.org/daf/anti-bribery/44884389.pdf>)
- OECD Guidelines for Multinational Enterprises (2011) and related Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (<http://www.oecd.org/corporate/mne/GuidanceEdition2.pdf>)
- G20-OECD Principles of Corporate Governance (2015) (<http://www.oecd.org/g20/meetings/antalya/Corporate-Governance-Principles-ENG.pdf>)
- World Bank Group Integrity Compliance Guidelines (2010) ([http://siteresources.worldbank.org/INTDOII/Resources/IntegrityComplianceGuidelines\\_2\\_1\\_11web.pdf](http://siteresources.worldbank.org/INTDOII/Resources/IntegrityComplianceGuidelines_2_1_11web.pdf))
- APEC General Elements of Effective Voluntary Corporate Compliance Programs (2014)\* ([http://mddb.apec.org/Documents/2014/SOM/CSOM/14\\_csom\\_041.pdf](http://mddb.apec.org/Documents/2014/SOM/CSOM/14_csom_041.pdf))
- Anti-Corruption Ethics and Compliance Handbook for Business prepared by UNODC, OECD and the World Bank (<https://www.unodc.org/documents/corruption/Publications/2013/Anti-CorruptionEthicsComplianceHandbook.pdf>)
- UNODC An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide ([https://www.unodc.org/documents/corruption/Publications/2013/13-84498\\_Ebook.pdf](https://www.unodc.org/documents/corruption/Publications/2013/13-84498_Ebook.pdf))

\*G20 Members of APEC; Australia, Canada, China, Indonesia, Japan, Korea, Mexico, Russia and United States