



**TRANSPARENCY  
INTERNATIONAL-MONGOLIA**

the leading civil society organisation in the fight against corruption

# STRENGTHENING YOUR POSITION: THE TI BUSINESS PRINCIPLES FOR COUNTERING BRIBERY

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SESSION 2

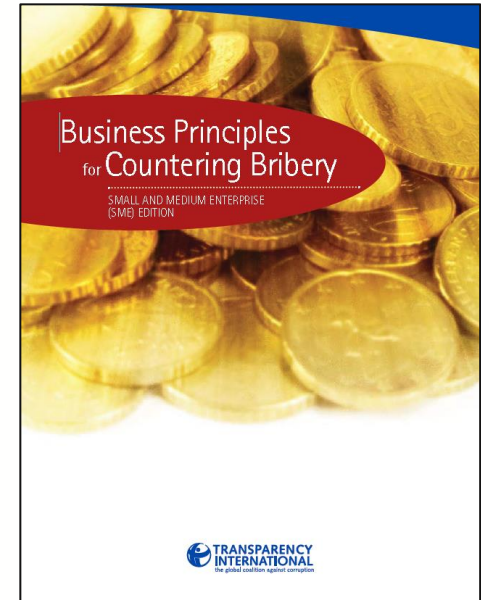
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Dr. Mark Lovatt, CEO, Trident Integrity Solutions

# INTRODUCING THE BUSINESS PRINCIPLES



- Developed by international companies focused on business integrity, including:
  - British Petroleum
  - General Electric
  - HSBC
  - PricewaterhouseCoopers
  - Rio Tinto
  - Royal Dutch Shell
  - Tata Sons Ltd (India)
- Designed to be practical and easy to use
- Includes templates and guiding principles
- Used worldwide, particularly by SMEs interfacing with multinationals





1. The Business Principles
2. Aims of the Principles
3. How to develop a programme for countering bribery
4. Key bribery issues
5. Implementation requirements
6. Raising concerns & guidance
7. Communication
8. Internal controls and monitoring



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# 1. THE BUSINESS PRINCIPLES

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These are the business values by which you will do business.

For example: Your business commits to:

- Conducting its business fairly, honestly and transparently;
- Not making or offering bribes, whether directly or indirectly, to gain business advantages;
- Not accepting bribes, whether directly or indirectly, to give business advantages;
- Developing a Programme to implement and support these Principles.

Your Business Principles should be included in your Anti-Bribery policy document and published on your website



- Annex A (p. 12) provides a template for your companies Business Principles
- The template can be adapted by your own company

## ANNEX A SUGGESTED PRINCIPLES FOR SMEs

1. We will carry out our business fairly, honestly and openly.  
(Example: transparent payment terms, clear records)
2. We will not make bribes, nor will we condone the offering of bribes on our behalf, so as to gain a business advantage.  
(Example: no bribes to be paid by agents)
3. We will not accept bribes, nor will we agree to them being accepted on our behalf in order to influence business.  
(Example: careful management of commission payments)
4. We will avoid doing business with others who do not accept our values and who may harm our reputation.  
(Example: careful selection of business partners)
5. We will set out our processes for avoiding direct or indirect bribery, and keeping to and supporting our values.  
(Example: a process for dealing with gifts and entertainment)
6. We will keep clear and updated records.  
(Example: records of decisions on giving donations or how a demand for a bribe or conflict of interest was handled)
7. We will make sure that everyone in our business and our business partners know our Principles.  
(Example: good communication and training; no excuse for not knowing)
8. We will regularly review and update our Programme and processes as needed.  
(Example: learn from experience and networking with others)
9. We will keep to these Principles even when it becomes difficult.  
(Example: not paying facilitation payments)



- Creating Shared Value >
- Our report >
- Nutrition >
- Rural development >
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- Human rights and compliance **▼**
  - Human rights
  - Child labour
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  - Anti-corruption and bribery**
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Home > Nestlé in Society > Human rights and compliance > Anti-corruption and bribery




# Anti-corruption and bribery


## Our commitment: Work against corruption and bribery




Nestlé aims to meet the highest standards of business conduct across all our operations. We work against corruption in all its forms and act decisively to put an immediate end to any potential breaches of integrity.

 **Contact us**  
Get in touch

 **Sign up**  
CSV news

 **Tell us**  
Compliance concerns

 **Ask Nestlé**  
FAQs

**DOWNLOAD REPORT**  
Nestlé in society: Creating Shared Value and meeting our commitments

[Summary \(pdf, 4Mb\) ↗](#)  
[Full report \(pdf, 15Mb\) ↗](#)

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# STRUCTURE OF THE BUSINESS PRINCIPLES DOCUMENT

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## 2. AIMS OF THE PRINCIPLES

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The aims of these Business Principles are to help you to ensure you use good business practices, to protect your reputation and to suggest ways to minimise the risk from bribery.

To achieve these aims, your business should:

- Agree the values and practices by which your business operates;
- Look at your business and decide where the risks are;
- Agree as a business, the practices by which you can counter the risk from bribery;
- Outline the processes by which your business will do this.

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# 3. HOW TO DEVELOP YOUR PROGRAMME



## A) Assess your Risk

Almost certain	Significant	Significant	High	High	High
Likely	Moderate	Significant	Significant	High	High
Moderate	Low	Moderate	Significant	High	High
Unlikely	Low	Low	Moderate	Significant	High
Rare	Low	Low	Moderate	Significant	Significant
	Insignificant	Minor	Moderate	Major	Catastrophic

## B) Agree an anti-bribery Programme

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## ASSESS YOUR RISK

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- ✓ Check if the countries in which you do business are at high risk from bribery (CPI Report)
- ✓ Evaluate the sectors in which your company trades, on their exposure to bribery.

# HIGH RISK SECTORS



1. Public work contracts & construction
2. Real estate and property development
3. Oil & gas
4. Heavy manufacturing
5. Mining
6. Pharmaceutical & Medical Care
7. Utilities
8. Civilian Aerospace
9. Power generation & transmission
10. Forestry
11. Telecommunications & equipment
12. Transportation & storage
13. Arms & Defence
14. Hotels, restaurants & Leisure
15. Agriculture
16. Light Manufacturing
17. Information Technology
18. Banking & finance
19. Fisheries

# ASSESS YOUR RISK

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- ✓ Check if the countries in which you do business are at high risk from bribery (CPI Report)
- ✓ Evaluate the sectors in which your company trades, on their exposure to bribery.
- ✓ Review your contracts with agents and other business partners, and check that the payment terms and commissions are clear and appropriate for the services given.
- ✓ Determine what checks need to be made to assess the integrity of your suppliers, partners and customers.
- ✓ If you are working in a supply chain, understand what your customers expect you to do to counter bribery.



## Agents

- Agents are often used as vehicles for bribery, with inflated fees being used to transfer money which is then used for bribes
- **Check that your agent's fees are reasonable** and in line with industry norms

## Suppliers, contractors and business partners

- **Conduct an Internet check** using the keywords '<company name> corrupt'
- **In-depth due diligence**: obtain the names of the business owners, directors and top management for an Internet check
- **Request** to see their policies on bribery and corruption

## Customers

- **Check with your customer** what (if any) policies and procedures your customers have with respect to anticorruption

# ASSESS YOUR RISK

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- ✓ Check if the countries in which you do business are at high risk from bribery (CPI Report)
- ✓ Evaluate the sectors in which your company trades, on their exposure to bribery.
- ✓ Review your contracts with agents and other business partners, and check that the payment terms and commissions are clear and appropriate for the services given.
- ✓ Determine what checks need to be made to assess the integrity of your suppliers, partners and customers.
- ✓ If you are working in a supply chain, understand what your customers expect you to do to counter bribery.
- ✓ Understand the laws and regulations which affect the business where you are operating; bribery is illegal in most countries.





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- Criminal code (2002)
  - Company law (2011)
  - Civil code (2002)
  - Anti-corruption law (2006)
  - Law on money laundering (2013)
  - Budget law (2011)
  - Law on public procurement (2005)
  - Law on information transparency and access to information (2011)
  - Law on regulating conflicts of public and private interests in public service (2012)

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# KEY BRIBERY ISSUES: OBJECTIVES

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The objectives of covering these issues are:

- To set in place clear guidelines for your staff, suppliers, agents and other business partners regarding bribery and corruption
- To demonstrate your company's commitment to combating corruption
- To ensure you have proper awareness in your workforce regarding your company's position
- To provide the basis for disciplinary proceedings for members of staff who breach the policies

# KEY BRIBERY ISSUES



- Gifts and Entertainment
- Conflicts of Interest
- Charitable Contributions and Sponsorship
- Facilitation Payments
- Political Contributions

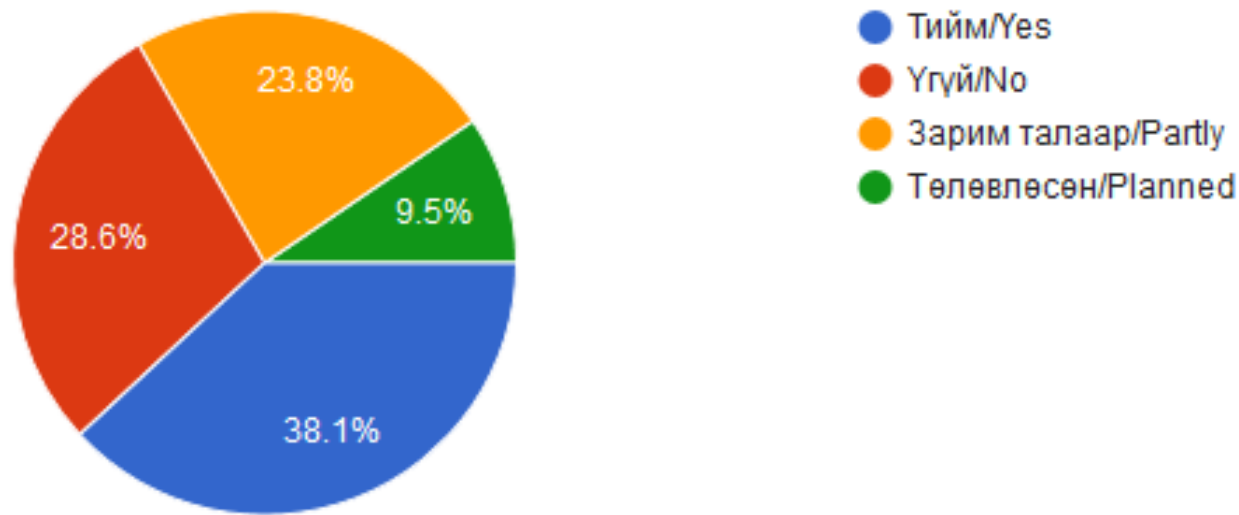




Танай хөтөлбөр дараах асуудлуудын талаарх нарийвчилсан бодлого, журам болон хяналтыг тусгасан уу? (Does your Programme have detailed policies, procedures, and controls for):

- бэлэг дурсгал, зочлох явдал, зардал? / gifts, hospitality, and travel expenses?

(21 responses)



# GIFTS AND ENTERTAINMENT

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- Gifts and entertainment are a common form of bribery
- Reasonable gifts and hospitality, done openly and in line with industry norms are not generally regarded as a problem
- Extravagant gifts and hospitality are highly problematic and are likely to expose your company to reputational risk, investigation and in some cases prosecution and blacklisting

# WHAT KIND OF 'GIFTS' ARE WE TALKING ABOUT?





# Exercise:

## what should you do now?

- 4 groups
- Inside the envelope is a gift, and the scenario.

### Questions:

1. Is this a bribe?
2. What should you do now?

**5 minutes then feed back to the group**





As the procurement manager of a substantial company, you are invited to attend a Tsagaan Sar open house of a good-quality, long time supplier of the company with your spouse and 3 children.



You have a very pleasant time. As you prepare to leave, you say goodbye to your host, and thank him for his hospitality. At the door, he gives each of your children a gift packet as per the custom.

Upon arriving back home, you open the packets and find US\$200 cash in each one.

1. Is this a bribe?
2. What will you do now?



You are the Personal Assistant to the Group CEO of a major listed company. All appointments to meet with the GCEO go through you.

In the run up to New Year, a courier comes to deliver an expensive luxury festive hamper. You sign for it, thinking it's for the GCEO. You then notice the card is addressed to **you**, wishing you a Merry Christmas. The card is signed by the Managing Director of a notable bank.

1. Is this a bribe?
2. What will you do now?



You are a senior manager attending a vendor's annual dinner as a representative of your company. On your arrival you are handed a welcome gift bag, which contains a good-quality pen, a small crystal paperweight and a lucky draw ticket.

During the dinner, the organizers hold the lucky draw. To your surprise, your number is called out as the winner of one of the grand prizes! You go up on stage to collect your prize - a luxury watch worth US\$1,000

1. Is this a bribe?
2. What will you do now?



Your company is busy upgrading your IT system, and you have the final decision on awarding the contract. The budget is US\$1.5 million, to be awarded through competitive bidding.

You are in the final stage of awarding the job, when you arrive home to find a hand-delivered envelope containing First Class flight tickets and an all-expenses paid study tour for two to the US.

In the envelope there is also a note from one of the vendors, saying they are looking forward to working with you. This vendor has submitted the best bid, and has a good reputation in the market.

1. Is this a bribe?
2. What will you do now?

# CONFLICTS OF INTEREST



- Where personal interests conflict with the company's interests, especially:
  - Board of Directors
  - Procurement, Sales
  - Other key roles, eg Internal Audit
- Clear guidelines needed when conflicts arise to ensure they are brought out and managed well



# DOES CONFLICT OF INTEREST MATTER?





## 4 CONFLICTS OF INTEREST (COI)



You face a COI when your personal relationships, participation in external activities or interest in another venture influence or could be perceived to influence your decisions.



### YOUR RESPONSIBILITY

You must avoid COI. Your Shell decisions must not be influenced by personal and private considerations. A COI can influence your decision-making, or be perceived to do so, and jeopardise your reputation and that of Shell. A failure to follow the requirements of this Code



- Tell Shell if you plan to use your knowledge or position for external material gain.
- You can be active in your own time in community, government, educational and other non-profit organisations if you comply with relevant laws, regulations and Shell policies.
- You can acquire interests in other businesses and perform external professional activities in your own time if no actual or potential COI would result. If in doubt, please consult your line manager or supervisor.



June 2015

## The way we work

### 2.1 Conflicts of interest

We ensure our personal activities and interests do not conflict with our responsibilities at Rio Tinto.

- We use good judgement to avoid conflicts of interest or even the appearance of a conflict.
- We declare actual and potential conflicts. Where a conflict cannot be avoided we manage it appropriately.
- We do not allow ourselves to obtain any personal advantage through our position or role within Rio Tinto.



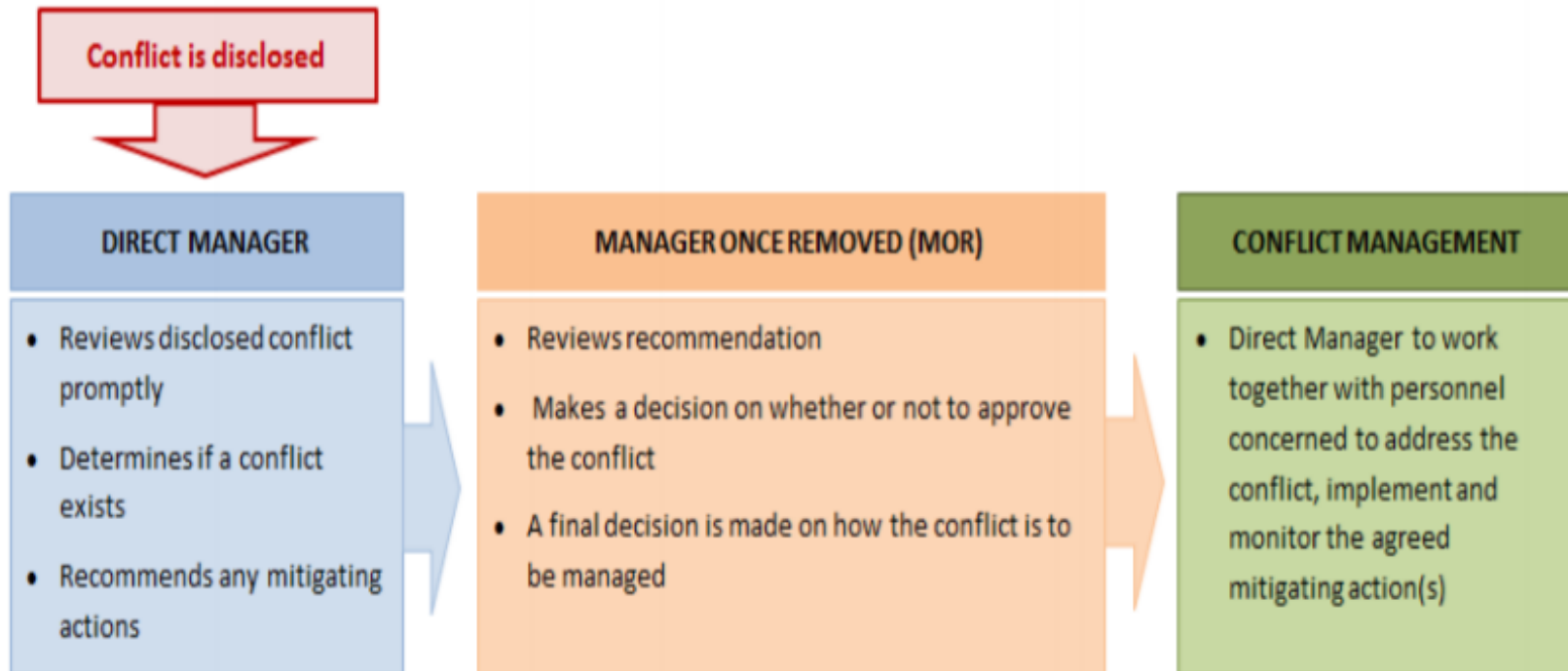


## 5.5 Managing a Conflict of Interest

It is essential for employees and core contractors who disclose conflicts of interest, have their conflict of interest situation managed consistently, fairly and transparently and in accordance with the process contained in the *Business integrity manual* (section 5).

A summary of the conflicts management process is presented in the table below.

### Managing Conflicts of interest



# CONFLICT OF INTEREST: EXERCISE 1



Mrs Oyun is the Head of Procurement for Excellent Foods Ltd, a large supplier of goods for restaurants, convenience shops and supermarkets.

Her daughter-in-law has her own business selling breads and pastries, and has asked her if she can supply Excellent Foods.

1. How should Mrs Oyun handle her daughter-in-law's request?
2. What could the company provide to help her manage this situation?

5 minutes in groups of 4-6 people

## CONFLICT OF INTEREST: EXERCISE 2

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Mr Jargal is director of Company A JSC, a listed company. Unbeknownst to his other directors, his brother is the owner of Company B Ltd LLC, a competitor of Company A.

1. How might Mr Jargal use his position to benefit Company B, and thereby himself and his own family?
2. What should Company A have put in place to deal with this situation?

5 minutes in your groups

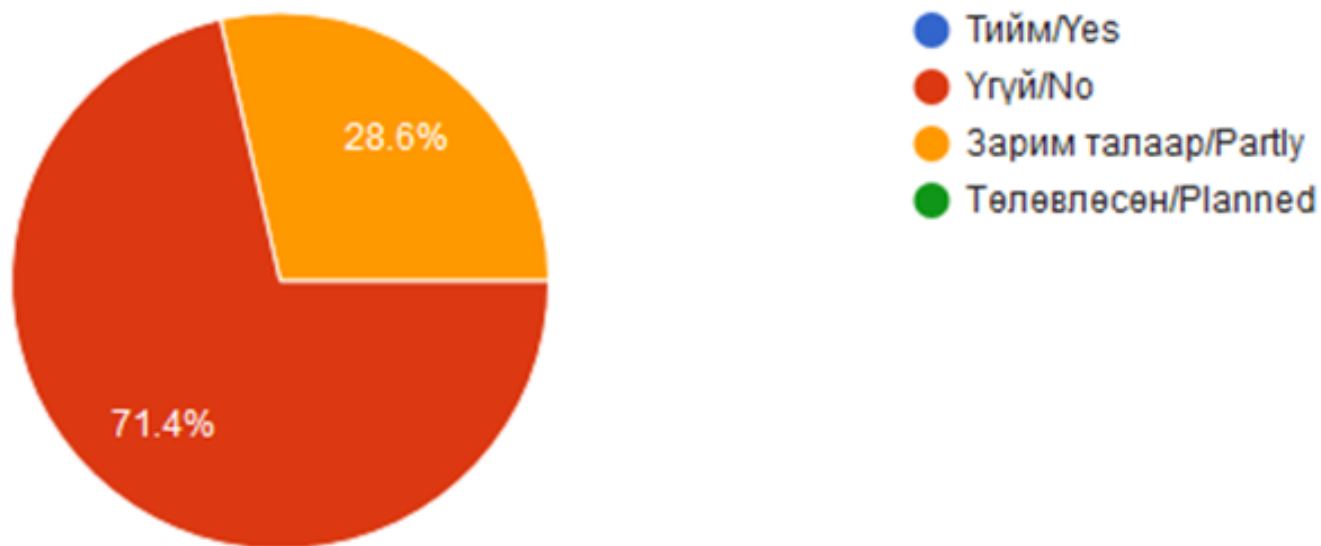


- Charitable donations and sponsorships are recognised as channels for corruption
- Check that:
  - The charity really exists and does what it claims to do (Internet check)
  - The request is reasonable and proportionate
  - Payment is made into the charity's bank account, NOT to an individual or given in cash unless the amount is very small
  - For repeat giving: A short report (1 to 2 pages) with photographs to be submitted showing how the money was used before further gifts are given



Танай хөтөлбөр дараах асуудлуудын талаарх нарийвчилсан бодлого, журам болон хяналтыг тусгасан уу? (Does your Programme have detailed policies, procedures, and controls for):

- давуу эрх олгох төлбөр? / facilitation payments? (21 responses)





- Facilitation payments are small payments made to secure or speed up a routine government action
- Examples include licenses, permits, visas, customs clearance etc.
- Facilitation Payments are a common problem in most developing countries
- But these payments are illegal in Mongolia and in most other countries
- If the payment is to be made on behalf of an MNC customer, or in relation to an MNC contract, check with the company before making any such payment



- Political contributions can be a form of bribe
- Decisions to make any political contributions should be taken at the Board level or during a senior management meeting, with the decision recorded in the minutes
- The payment should be made openly and transparently to the party's bank account, never in cash or to an individual's account
- There should be no connection between a political contribution and securing a government contract or other government decision such as a licence or work permit

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The programme must start at the right level: **from the top**

- The Board or business owner agrees to the programme, with the decision recorded in minutes or a memo
- A senior manager should be given overall responsibility for the programme
- Allocate roles and responsibilities in the business to safeguard the company against corruption at management level:
  - Compliance / Internal Audit
  - Finance
  - HR
  - Etc.





- Make sure your anti-bribery program is supported by other organisations you work with:
  - Your suppliers and contractors
  - Agents and other service providers
- Include a clause in your standard contract terms whereby your suppliers, contractors, agents and service providers agree to abide by your Business Principles and guidelines on gifts and entertainment

# ANTI-BRIBERY CLAUSE SAMPLE TEXT



## *1.1 The Contractor shall:*

- comply with all applicable laws, statutes, directives and/or regulations relating to anti-bribery and anti-corruption*
- not engage in any activity, practice or conduct which would constitute a bribery offence*
- comply with the company's Anti-Bribery Policy or equivalent (as amended from time to time)*
- promptly report to the company any request or demand which if complied with would amount to a breach of either this Agreement or the Anti-Bribery Policy;*
- extend these requirements to any company performing services and/or providing goods in connection with this Agreement*

*1.2 Any breach of this clause shall be deemed a material breach of this Agreement entitling the company to terminate it immediately.*



- Include in your HR policy a section stating that your staff will not be penalised for refusing to pay bribes
- Include bribery and corruption (inbound and outbound) as a dismissible offence in your employment contracts
- Inform all new and existing employees of your company's position
- Provide a short training session for staff in exposed positions on what the company does and does not allow:
  - Procurement
  - Sales
  - Staff working regularly with the government

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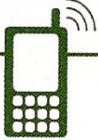

# RAISING CONCERNS & SEEKING GUIDANCE



- Having a channel for your staff to seek guidance and raise concerns is essential for the success of the programme
- Discuss with your staff and management how this could best be done
- Either encourage people to contact you directly, via email or handphone; or appoint a trusted person to manage this within your company: eg your HR / Compliance / Finance manager

# WHISTLEBLOWING PROCEDURE



<b>Drop Box</b>	<b>Email</b> 
	Chairman : <a href="mailto:twf@thumbprints.com.my">twf@thumbprints.com.my</a> Compliance officer : <a href="mailto:chaichin@thumbprints.com.my">chaichin@thumbprints.com.my</a> ZCC : <a href="mailto:bribe-free@thumbprints.com.my">bribe-free@thumbprints.com.my</a>
 <b>Mobile Phone</b>	<b>Letter</b> 
Compliance Officer : 012-624 5930 Chairman : 012-396 2012	Lot 24, Jalan RP3, Rawang Perdana Industrial Estate, 48000 Rawang.

Upon receipt of such a report, we will conduct an investigation internally and revert to you as quickly as possible. You may voice your concerns in complete privacy and confidence, and be assured that they will be discretely and comprehensively followed up.

# WHISTLEBLOWING PROCEDURE



Contact Reports



[Our Vision, Our Future](#)

[Our Operations](#)

[Our Commitment](#)

[Careers](#)

## Speak-out

If you know of or suspect any of the following, please make a report to *Speak out*:

- Someone is involved in a fraud, corruption, or theft
- Someone is not compliant with Oyu Tolgoi's business integrity requirements related to conflicts of interest, anti-trust, data privacy and anti-corruption
- Whilst working for or on behalf of Oyu Tolgoi LLC, someone is not compliant with Mongolian laws or a health, safety, or environmental hazard is being created or ignored.





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- Let everyone who needs to know about your program be well-informed
- Publish your Business Principles and Guidelines on Gifts and Entertainment on your Internet site
- Publicise the communication lines for staff (and outside parties) to contact the company if they have questions about your anti-bribery position
- Consider printing a leaflet or booklet setting out your programme, and providing your staff, suppliers and business partners with a copy

# POSTERS AND BUNTINGS



# LEAFLETS AND BOOKLETS



Policy  
Mandatory  
February 2015

# Po



Good Food

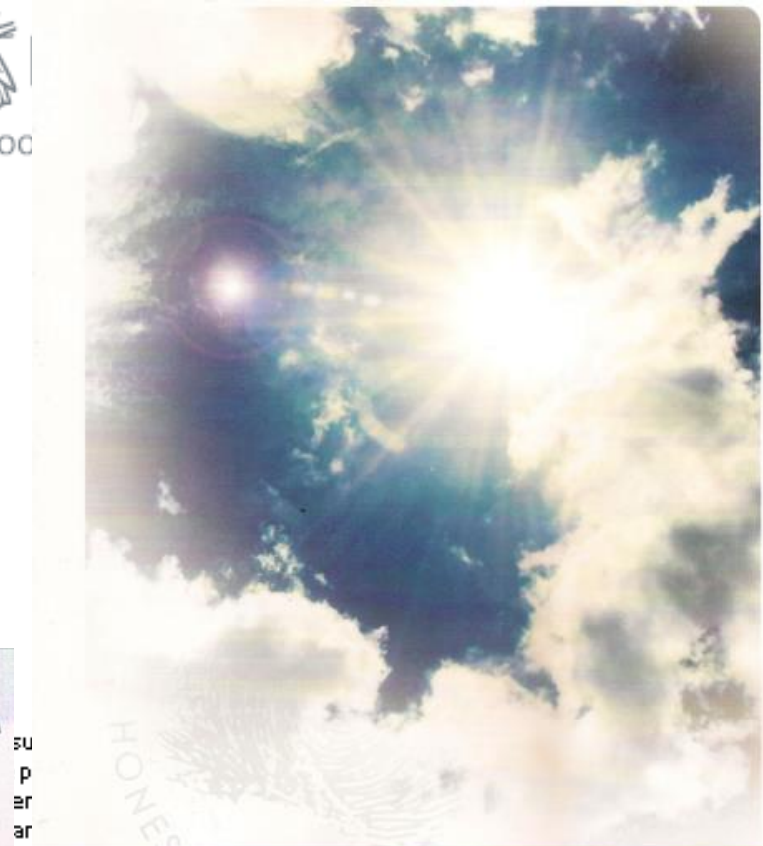
Appendix to the Nestlé Code of Business Conduct

## Guidance on Nestlé's Commitment against Bribery and Corruption



# Corporate Integrity System

**PEMANDU**  
UNIT PENGURUSAN PRESTASI DAN PELAKSANAAN  
JABATAN PERDANA MENTERI



BU  
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HONESTY & INTEGRITY

Thumbprints® Utd Sdn Bhd  
Zero Corruption Program

Prepared by  
Zero Corruption  
Committee  
Revision 1  
July 2012

gifts of any nature  
ext of a decision  
nt authority  
is pending or



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## Corporate Governance

### Code of Conduct

Transwest Mongolia LLC is committed to being a corporate leader in ethical practices and will maintain high ethical standards in its activities, and fairness and honesty in its business relationships. As part of our Corporate Governance, the Company has a Code of Conduct which applies to all employees and representatives of Transwest Mongolia LLC.

### Anti-Bribery, Fraud and Corruption Policy

Transwest recognizes that bribery, fraud, corruption and other unlawful acts introduce uncertainty into commercial transactions, foster an environment for other business crimes, and have the potential to put our Company's value and reputation at risk. The Company has adopted this policy to ensure the ongoing success of our organization and to protect the best interests of the Company, its employees, vendors and customers from any illegal or damaging actions, committed by individuals either knowingly or unknowingly. Similar to the Code of Conduct, this policy applies to all stakeholders. It outlines the responsibilities and expectations of the Company and its employees for preventing, detecting and investigating acts or instances of bribery, fraud and corruption.

# POSTERS AND VEHICLE STICKERS



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# INTERNAL CONTROLS AND MONITORING

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- Keep accurate financial records
- Avoid overuse of cash
- Ensure your accounts are audited by a qualified professional, and anomalies are scrutinised closely
- Involve your staff in discussions how to make the programme function more effectively



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## AND FINALLY

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- Always act with integrity, because you never know who's watching...

<https://www.youtube.com/watch?v=c3MxTEoATyQ>





# TRANSPARENCY INTERNATIONAL-MONGOLIA

the leading civil society organisation in the fight against corruption

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