

B20 Cross-Thematic Group Responsible Business Conduct & Anti-Corruption

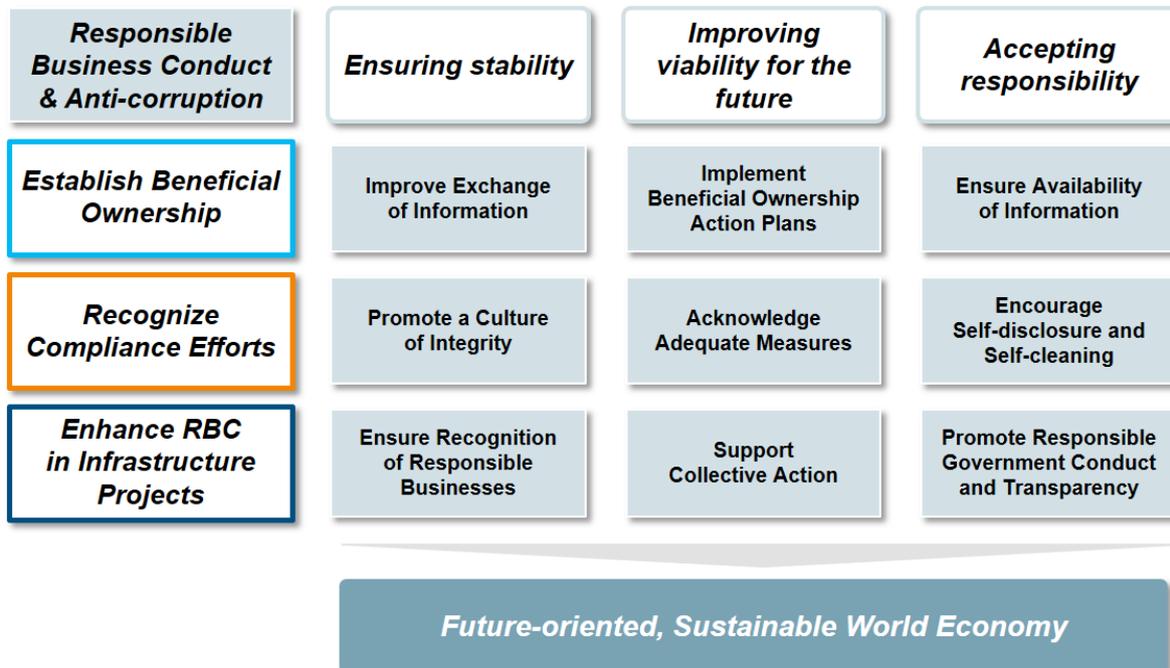
To raise standards of living, economic growth is indispensable. Job creation, training, and education, innovation and technology development – business plays an integral part in improving living conditions around the globe. Foreign direct investment can positively contribute to local economic development.

Around the world, countless companies are committed to Responsible Business Conduct (RBC), improving health and safety at work, living conditions, society, environment, and consumer welfare. More and more companies are integrating this concept in their value chains.

An important aspect of Responsible Business Conduct is fighting corruption. Corruption reduces efficiency and increases inequality. It distorts the efficient allocation of resources. It raises the costs of doing business. It undermines the trust in governments and erodes the rules of law.

According to the World Economic Forum the cost of corruption equals more than five percent of global GDP (US\$ 2.6 trillion). Much has already been done to fight corruption. But we can do better. B20 Germany thus decided to establish a Cross-thematic Group on Responsible Business Conduct and Anti-Corruption.

Relevance of Cross-Thematic Group Recommendations for the G20 focusses “Ensuring stability”, “Improving viability for the future”, and “Accepting responsibility”



Key Recommendations

Establish Beneficial Ownership Transparency

Recommendation 1: G20 members should increase their efforts to implement beneficial ownership transparency so that risks related to the ultimate owner(s) can be identified.

Policy Action 1.1: Implement Beneficial Ownership Action Plans – G20 members should continue to lead the world in realizing beneficial ownership transparency by progressively implementing their action plans, raising global standards of data quality, exploring possibilities of connecting ownership information, and monitoring implementation progress.

- G20 members should align Beneficial Ownership Action Plans with Financial Action Task Force (FATF) recommendations and the proposals that were made to G20 Finance Ministers in October 2016.
- G20 members should improve the quality of their company registers so that they provide high-quality data. Members should also explore possibilities of linking and centralizing ownership information.
- G20 should ask a relevant third party (such as the World Bank) for a review of implementation progress before the 2018 G20 Summit.

Policy Action 1.2: Ensure Availability of Information – G20 members should ensure easy access to, and efficient use of, beneficial ownership information by laying down clear rules governing access to information, and facilitating access for users through adequate measures and guidance.

- G20 members should specify user access rights to beneficial ownership information.
- Users should have adequate tools and guidance to access and analyze this data quickly.
- G20 members should define technical and organizational measures to ensure easy access for authorized users, both nationally and internationally.

Policy Action 1.3: Improve Exchange of Information – G20 members should facilitate the timely and effective exchange of beneficial ownership information at the national and international levels by defining or adopting data standards, providing guidance on legal set-ups in their country, and assisting developing countries in improving company registers.

- G20 members should agree on international standards relating to data privacy and data handling with regard to the exchange and processing of basic and beneficial ownership information.
- G20 members should publish information on legal set-ups in their country, including risk profiles, reporting requirements, sources of basic and beneficial ownership information, and access rights.
- G20 members should support developing countries with the creation and maintenance of reliable company registers by promoting beneficial ownership transparency with technical and financial assistance.

Recognize Compliance Efforts

Recommendation 2: G20 members should be supportive of company' proactive engagement by providing positive recognition of effective anti-corruption and compliance systems.

Policy Action 2.1: Acknowledge Adequate Measures – G20 members should recognize corporate compliance efforts when awarding public contracts and when imposing sanctions for breaches, and they should explore additional ways to acknowledge compliance efforts.

- The existence of an adequate and robust compliance program should be a requirement for being eligible to receive public subsidies or other public funds, licenses, public contracts, export credits and trade insurances.
- G20 members should have the ability to reduce sanctions and penalties based on the fact that companies have implemented adequate compliance programs.
- G20 should commission the OECD to conduct a fact-finding study on countries' approaches to compliance incentives and identify good practices.

Policy Action 2.2: Encourage Self-Disclosure and Self-Cleaning – G20 members should be encouraged to harmonize their administrative and legal approaches to self-disclosure of compliance breaches, recognize effective and safe internal reporting, and support adequate self-cleaning.

- G20 members should align laws and regulatory requirements that strengthen voluntary self-disclosure mechanisms through reduced penalties and institutionalized leniency programs.
- G20 members should offer discounts that specifically relate to the existence of internal reporting systems and adequate protection to whistleblowers who report misconduct within the company.
- G20 members should recognize self-cleaning efforts after misconduct has been detected and remediated, for example, by allowing them to be reconsidered for inclusion in public tenders.

Policy Action 2.3: Promote a Culture of Integrity – G20 should continue its commitment to building a global culture of intolerance towards corruption by reinforcing international cooperation, including the promotion of key international instruments, supporting the provision of capacity building and training for SMEs and in non-G20 countries, as well as improving education on anti-corruption and integrity in schools and universities.

- G20 members should effectively implement and promote key international instruments to help create a level playing field for businesses.
- G20 members should promote capacity building among SMEs by offering training and guidance on RBC and anti-corruption and by recognizing companies that build such capacities in their supply chains.
- G20 members should support capacity building and the provision of effective and efficient technical assistance to assist non-G20 countries in tackling corruption.
- G20 should work together with businesses and society to explore possibilities of integrating integrity, anti-corruption and RBC in the curricula of schools and universities.

Enhance Responsible Business Conduct in Infrastructure Projects

Recommendation 3: G20 members should increase transparency and accountability at all stages of the project cycle in order to mitigate the risk of corruption and increase efficiency.

Policy Action 3.1: Promote Responsible Government Conduct and Transparency – G20 members should address the demand side of corruption and should ensure that public infrastructure projects are selected, planned, awarded and managed openly and accountably by promoting integrity in their own organizational structures and processes and by enhancing reporting about project risks, impacts, progress and costs.

- G20 members need to mitigate corruption risks and improve transparency and accountability at all stages in the project cycle, from the selection phase, through the procurement and the contract, all the way to ribbon cutting.
- To encourage fair competition, G20 members should ensure the publication of relevant tender documentation in line with international standards and improve information sharing and efficiency through the use of digital technologies.
- G20 members should improve adequate reporting to relevant stakeholders throughout the entire cycle of an infrastructure project and balance the protection of sensitive data with the public's legitimate interest to know how public money is being spent.

Policy Action 3.2: Ensure Recognition of Responsible Businesses – G20 members should promote integrity among participating businesses by specifying requirements related to RBC, by encouraging coherent sustainability reporting, and by providing awareness training on anti-corruption and integrity.

- G20 members should require bidders to disclose their beneficial owners and to have adequate controls, measures and programs in place to manage corruption risks. They should exclude tenderers that have been convicted of illicit practices or proven unreliable and recognize self-cleaning by allowing bidders to reapply if they have implemented effective measures to manage the risk.
- G20 members should consider environmental, social and governance (ESG) performance as a bidding criteria and strengthen reporting requirements that improve the comparability of ESG information.
- G20 members should provide integrity training for contracting authorities and bidders to raise awareness of the various risks involved and the potential consequences for themselves, as well as for society.

Policy Action 3.3: Support Collective Action – G20 members should promote Collective Action, that is initiatives between different businesses, and between businesses and the public sector, which foster integrity (such as Integrity Pacts and High Level Reporting Mechanisms). G20 should initiate a study that explores joint ways of fighting corruption and misconduct in infrastructure projects.

- G20 members should encourage coordinated efforts by companies, governments and civil society to step up against corruption and strengthen good business practice.
- G20 should set up a review of specific infrastructure projects by an expert group to develop appropriate mitigating strategies and identify ways to further support Collective Action.

Business 20

The Business 20 (B20) is the official G20 dialogue with the global business community. On September 4 2016, the leading German business associations BDI, BDA, and DIHK, mandated by the German Chancellery, assumed the B20 presidency. Chair of B20 Germany is Dr. Jürgen Heraeus.

Since September 2016, more than 800 representatives from companies and business association developed recommendations for the G20 on a consensual basis. B20 Germany is organized in seven working groups: Trade and Investment, Energy, Climate & Resource Efficiency, Financing Growth & Infrastructure, Digitalization and Employment & Education, Responsible Business Conduct & Anti-Corruption and SMEs. In February, the B20 Health Initiative was launched. Each group is headed by a chair and several co-chairs. The approximately 100 members of each group represent all G20 countries and sectors of the economy.

B20 Cross-thematic Group Responsible Business Conduct & Anti-Corruption

Chair Dr. Klaus Moosmayer, Chief Compliance Officer, Siemens		
Co-Chairs Dr. Andrey Bugrov, Senior Vice-President, MMC Norilsk Nickel Andre Oliveira, Member of South America Executive Team, BASF Corinne Lagache, Senior Vice President, Group Compliance Officer, Safran Jorge Mandelbaum, President, CIPPEC Anny Tubbs, Chief Business Integrity Officer, Unilever		
Knowledge Partner KPMG	Network Partners Business and Industry Advisory Committee to the OECD (BIAC) International Chamber of Commerce (ICC)	Concept Partner Alliance for Integrity

The group consists of 112 members from 26 countries (including the category “international”).



B20 Germany

www.b20germany.org
rbcac@b20germany.org

T: +493020281711
F: +493020282711

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