# COLLECTIVE ACTION & OTHER ENABLING FACTORS

**Anti-Bribery Guidance**
**Chapter 3**

**Transparency International (TI) is the world's leading non-governmental anti-corruption organisation. With more than 100 chapters worldwide, TI has extensive global expertise and understanding of corruption.**

**Transparency International UK (TI-UK) is the UK chapter of TI. We raise awareness about corruption; advocate legal and regulatory reform at national and international levels; design practical tools for institutions, individuals and companies wishing to combat corruption; and act as a leading centre of anti-corruption expertise in the UK.**

**Legal Disclaimer:**

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of October 2017. Nevertheless, Transparency International UK (TI-UK) cannot accept responsibility for the consequences of its use for other purposes or in other contexts. Policy recommendations and best practice guidance reflect TI-UK's opinion. They should not be taken to represent the views of any of those quoted or interviewed nor those of the companies or individuals that provided input or members of the Expert Advisory Committee, FTI Consulting or DLA Piper. Neither TI-UK, FTI Consulting nor DLA Piper assumes any liability for the information contained herein, its interpretation or for any reliance on it. The document should not be construed as a recommendation, endorsement, opinion or approval of any kind. This Guidance has been produced for information only and should not be relied on for legal purposes. Professional advice should always be sought before taking action based on the information provided.

# Transparency International UK's Global Anti-Bribery Guidance

## Best practice for companies operating internationally

This is a guidance section from Transparency International UK's Global Anti-Bribery Guidance. The full guidance is available at **www.antibriberyguidance.org**.

## About the Guidance

This flagship guidance presents anti-bribery and corruption best practice for companies, drawing upon expertise from over 120 leading compliance and legal practitioners and Transparency International's extensive global experience.

This free-to-use online portal expands and updates all of TI-UK's Business Integrity guidance over the last decade. This includes our original Adequate Procedures Guidance to the UK Bribery Act; a leading resource for compliance and legal professionals, which has been downloaded over 45,000 times from TI-UK's website. The guidance has been kindly supported by FTI Consulting and DLA Piper.

For each area of practice, we provide a summary, best practice tips, full guidance, and links to further resources. This is a dynamic resource and we will continue to update it with new content and features. If you have anything you would like further guidance on, or other suggestions, please do contact us at businessintegrity@transparency.org.uk

Many companies are facing increased bribery risks as they continue to expand internationally and become increasingly reliant on diffuse supply chains and complex third-party networks. There are also additional risks around stakeholder expectations, a global strengthening of anti-bribery legislation – requiring better internal mechanisms to ensure compliance – and enhanced enforcement.

Companies will always design their own bribery programme according to their particular circumstances but those following this guidance can take reasonable assurance that they are well positioned to counter risks of bribery, comply with anti-bribery legislation in jurisdictions across the world and to act ethically and positively in the markets in which they operate.

## Transparency International UK's Business Integrity Programme

The goal of our Business Integrity Programme is to raise anti-corruption standards in the private sector. We aim to ensure that individuals and organisations do not participate in, enable or endorse corruption. Our approach is to engage positively with the private sector, governments and leading anti-corruption initiatives to identify and advocate best practice.

For more information, please visit **http://www.transparency.org.uk/our-work/business-integrity/business-integrity-forum/**

# QUICK READ

The commitment to anti-bribery and anti-corruption more generally can be enhanced by the company supporting several strategic areas. These are termed 'enabling factors' in this guidance and are as follows:

- Stakeholder engagement

- Corporate community investment

- Sustainable development

- Collective action

- Business systems

# GUIDANCE

## 3.1 Enabling factor: Stakeholder engagement

Stakeholder engagement is a way for the company to fulfil its accountability and to communicate its anti-bribery programme. Stakeholders are individuals, groups of individuals or organisations that have a material interest in the company. Materiality means that the stakeholders could affect the company's activities or be affected by them. Stakeholder engagement will work best if committed to by the leadership and the process is carried out with genuine intent and use of the results.

Engagement is a systematic process where the company identifies its significant stakeholders related to a particular topic and consults and interacts with them to exchange views, to learn and to communicate positions and messages. The real value lies in two-way communication.

Responsibility for stakeholder engagement can be placed in functions such as corporate or public affairs, a dedicated stakeholder engagement function or sustainability management.

### The roles of stakeholder engagement

- **Accountability:** As part of accountability, communicating on the anti-bribery programme to key stakeholders.

- **Designing the programme:** Determining the external perceptions and expectations of stakeholders, identifying emerging trends and issues, using this knowledge to design and improve its anti-bribery programme.

- **Risk assessment:** Obtaining information for use in risk assessment and due diligence.

- **Communicating:** Providing messages on the importance which the company attaches to countering bribery and reinforcing or enhancing the positive reputation of the company. Contributing to an open and transparent approach by the company.

- **Monitoring:** Monitoring the context for anti-bribery practice and detecting emerging trends and expectations.

---

**Pointer:**

Use scenario planning and brainstorming to identify emerging issues and opportunities to supplement the feedback from the stakeholder engagement process.

---

## Approach to consulting stakeholders on the anti-bribery programme

The anti-bribery discussion will likely form part of part of wider stakeholder engagement on corporate responsibility and sustainability or other interest areas. Through engagement the company can learn how its anti-bribery measures are perceived, discuss concerns, hear suggestions for improvements and detect emerging trends and issues. Care should be taken that stakeholder engagement is not seen as a bolt-on exercise to provide content for public reporting but is managed as a genuine and substantial exercise used to shape the way the company plans and operates.

## Channels for engagement

Engagement can take various forms from written communications, one-to-one meetings, group meetings, focus or scenario planning groups and roundtables. Web blogs and social media are ways in which stakeholders' views and concerns also can be monitored and used as communication and engagement channels. Sessions with stakeholders can be open-ended, covering the whole of the company's activities or may focus on the material topics identified by stakeholders or selected by the company. Stakeholder consultation can be linked to the company's risk assessment process and the key stakeholders and topics will be shaped by the company's definition of materiality and its assessments of risks. An independent facilitator can be useful in helping drawing out honest opinions on the company.

## Accountability: Reporting back to stakeholders and to the board

The company should ensure that it responds to topics raised and reports back to contributing stakeholders on actions taken or an explanation if actions have not been taken. The company should report publicly in formal communications such as annual reports or dedicated web pages on the stakeholder consultation policy and process, the topics identified, actions and results related to the integrity commitment and the anti-bribery programme. The board and senior management should review the results of stakeholder engagement.

---

**Signpost:** Consider appointing a stakeholder advisory panel which comments annually directly to the board on the company's stakeholder engagement results and its public reporting.

---

# 3.1.1 Best practice indicators: Stakeholder engagement

- **Identify:** Research and identify the key stakeholders and the topics and significant issues on which they are likely to have an interest. Stakeholders can include, management, employees, customers, consumers, suppliers, civil society organisations, community representatives, business associations, international organisations, subject experts.

- **Decide on method:** Consider the range of methodologies which can be used for consultation such as web, social media, stakeholder forums, panels, surveys, focus groups, scenario planning, individual interviews.

- **Be systematic:** Use a systematic procedure for regular stakeholder consultation including confidentiality of inputs, documentation, act on the consultations and ensure feedback to those who took part in the consultations.

- **Report on stakeholder engagement:** Report publicly on the process, the topics and concerns identified, and the progress of subsequent actions to address concerns.

- **Review by leadership:** Make periodic reports to senior management and the board on the results of stakeholder engagement.

# 3.2 Enabling factor: Corporate community investment

## What is corporate community investment?

Corporate community investment (CCI) is the way a company acts to benefit a local community or society more widely. It can include charitable donations, employee secondments and fundraising, sponsorships with community impacts, training and work placements, small business support, educational activities and other activities judged as benefiting societies. CCI can also support the company's efforts to contribute to achieving the anti-corruption provisions of Sustainable Development Goals (see section 3.3 on sustainable development).

A related area to CCI is community benefit which is an activity made for commercial contract reasons but based on benefit to a society. It occurs when a company, in order to win a contract from a public body, agrees to provide a community benefit such as funding an educational or medical facility. To protect the interests of stakeholders and to prevent corruption in the transaction, the agreement has to be made fully transparent and subject to a set procedure by both the government and the company (which should include public consultation).

## How CCI it can be used to build integrity in societies and markets

Corporate community investment offers a significant way in which a company, acting on its own or more likely, in partnership with others, can support initiatives which build the integrity in a society. This can include training of local employees, raising anti-corruption standards of third parties, training of third parties and public officials.  Also included are initiatives which develop citizens' knowledge and skills to resist corruption and contributing to activities which counter the factors leading to corruption such as collective action initiatives.

## Examples of CCI activities
- Collective action
- Social enterprises
- SME training to build anti-corruption commitment and expertise
- Anti-corruption training of public officials
- Education of school children
- Business school education
- International scholarships for tomorrow's leaders
- Government and public sector short term placements

- Two way secondments between companies and the public sector
- Employee fundraising and volunteering e.g. teaching in schools

## Measuring and reporting on societal impacts

The aim of an effective CCI programme should be to achieve impacts benefiting societies and in doing so, creating a more favourable environment in which to carry out business. Measuring and reporting societal impacts of CCI for countering corruption is difficult given the hidden nature of corruption. Proxy indictors including qualitative indicators can be used such as quality of training given, and anecdotal evidence. Macro indicators such as the TI Pillars of National Integrity or the World Bank Governance Indicators can also be referred to.[1]

> Few, if any, global companies have committed to strategic corporate community investment to address the issues of corruption in societies in which they operate

## Lack of corporate attention to CCI and countering corruption

Few if any global companies have committed to strategic corporate community investment to address the issues of corruption in societies in which they operate. This is surprising given that corruption is pervasive in many markets and the commitments made by many companies to international initiatives such as the UN Global Compact.

> 'Nigeria has the largest economy on the African continent. Ironically, the country also harbours some of the poorest people in the world with as many as 69 percent of the population living below the poverty line.'

> **Study of the Relationship between Poverty and Corruption in Nigeria, ActionAid 2015**

## The impacts of bribery and corruption on societies and business

Bribery leads to damage in societies in many ways and the results are costly for business. It underlies most of the major societal issues: preventing or damaging sustainable development, child labour, improper safety certificates, abuse of planning regulations, illegal logging, trafficking, organised crime and terrorism, environmental and biosphere degradation. Bribery keeps some communities in poverty, leads to illness and deaths and destroys democracy and the rule of law. Markets are distorted, businesses operations are inefficient and the costs to customers and users are higher and the goods and services are inferior. Contracts are not won on merit and logistics are made inefficient and transportation delayed.

For these and many other reasons, best practice should include consideration of how a global CCI programme can incorporate tackling the corruption issues in societies and building integrity.

---

[1] TI's National Integrity System is a tool for evaluating key 'pillars' in a country's governance system, both in terms of their internal corruption risks and their contribution to fighting corruption in society at large. TI analyses pillars in country National Integrity System assessments. The Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for over 200 countries and territories over a period, for six dimensions of governance.

'While most respondents believe companies should set long-term goals for their community activity, less than a quarter felt that that their organisation currently does this. This impact–aspiration gap presents a big challenge for companies. It reflects a gulf between what companies aspire to achieve and what they actually deliver.'

Hard outcomes or hollow promises? Realising the true impact of corporate community investment,

Corporate Citizenship, 2016

### 3.2.1 Best practice indicators: Corporate community investment

- **Research and plan:** Identify the significance of bribery and other corruption in the markets in which the company operates. Define and understand the potential of CCI, research opportunities in the markets in which the company operates, develop a strategic approach and involve local stakeholders in this. Establish KPIs and measure impact.

- **Integrate:** Align the anti-bribery programme to the company's corporate responsibility and sustainable development commitments including labour, human rights or bio diversity initiatives and supporting achievement of the UN Sustainable Development Goals (SDGs). Encourage the corporate trust or foundation (if there is one) to consider support.

- **Collaborate:** Develop partnerships with other companies, national and local governments, inter-governmental organisations and NGOs.

- **Invest and contribute:** Contribute to anti-corruption initiatives in societies to counter prevailing corruption and thereby create a more favourable environment not only for communities but for the company's operations.

- **Support the SDG commitment:** Companies support their commitment to sustainable development and the SDGs through their efforts in countering bribery. This could be through leadership, research, advocacy, supporting or initiating anti-corruption initiatives, collective action, community investment, SME training, business schools education, supporting teaching in schools on corruption and how it can be tackled.

- **Report publicly:** Promote what the company has achieved, its plans and issues. Recognise local achievements by business units and employees.

# 3.3 Enabling factor: Sustainable development

Companies should consider how they can integrate their commitments to integrity and prohibition of bribery and corruption with their commitment to sustainable development (if this has been made). This can include working to support achievement of the anti-corruption Target 16.5 of the Sustainable Development Goals.[2]

The term, *sustainable development*, was made widely known by *Our Common Future*, a report published by the World Commission on Environment and Development in 1987. Also known as the Brundtland report, it defined sustainable development as: 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs.'

Sustainable development is a material issue for most companies and will be reflected in values and commitments. Yet, corporate sustainable development strategy is not commonly linked to or integrated with the corporate anti-bribery programme despite the significant and sometimes devastating adverse effects on societies resulting from bribery. There is no reference to the topic in either the Ministry of Justice Guidance to the UK Bribery Act or in the FCPA Resource Guide.

Bribery, if not reduced in societies, will remain an underlying impediment to achieving many of the SDGs. These include, poverty, water, healthy lives, education, affordable energy, economic growth, resilient infrastructures, climate change, sustainable use of oceans seas and marine resources, ecosystems - forests and land - peaceful and just societies. What does this mean for business? Bribery is rampant in many of the markets where companies operate. Democracy and rule of law may be weak, licenses and large public contracts are not awarded on merit, small bribes pervade logistics, deforestation destroys land and the ecosystem, labour and safety standards are flouted.

A best practice anti-bribery programme can make a contribution to sustainable development by reducing bribery risks attached to the company's operations but the company should also consider how it could extend its anti-bribery efforts strategically to address bribery related to sustainability issues in markets where bribery is rife and to strengthen pillars of integrity in societies. This can be through leadership, research, advocacy, supporting or initiating anti-corruption initiatives, collective action and corporate community investment.

## 3.3.1 Best practice indicators: Sustainable development

- **Commit publicly:** Commit to support the achievement of the UN Sustainable Development Goals (SDGs).

- **Develop an SDG strategy:** Consider how the company can support its commitment to sustainable development and the SDGs through efforts in countering bribery and corruption.

- **Leadership commitment:** Board and senior management should show commitment to sustainable development and countering corruption should be seen as part of this.

---

[2] The Sustainable Development Goals (SDGs) are an inter-governmental commitment plan of action for sustainability for the period up to 2030 made in a UN Resolution in September 2015 signed by all 193 UN Member States. The SDGs Resolution set 17 Goals and 169 Targets.

- **Integrate:** Relate the anti-bribery commitment to sustainable development commitments and integrate the activities for these commitments where appropriate.

- **Plan and measure:** Develop measures and targets for the company's anti-corruption efforts related to sustainable development through building integrity in societies and reducing corruption.

- **Work through collective action:** Recognise the value of working with others through collective action to achieve strategic sustainable development results.

- **Report:** Report publicly on progress.

# 3.4 Enabling factor: Collective action

Collective action is a long established methodology for companies and others to work together to counter corruption and build integrity and anti-corruption standards though the success. The term *collective action* is in fact a grouping of varying methodologies with different aims. The common elements are that companies and stakeholders join in an initiative and usually there is a neutral convenor or facilitator such as an NGO.

The benefits of collective action include:

- Mobilising societies to resist and counter bribery
- Creating safe environments for business
- Levelling the playing field to achieve fair competition
- Tackling intractable bribery issues such as embedded corruption in a port
- Benchmarking and learning
- Global and large local companies can provide support for SMEs to resist bribery demands

Collective action is more likely to succeed where:

- The need is real and pressing
- There is real multi-stakeholder commitment
- There is high level political support
- The local community approve and are engaged
- There are clear objectives and practical ways identified for achieving them
- The project facilitator is trusted and skilled
- There is commitment to a long-term project – quick wins are rare

Collective action may fail, risks include:

- Lack of political will or where there is political antagonism
- The political sponsor loses office, participants move on
- Politician's and officials' support is rhetorical
- Bribery is systemic and pervasive with resistance from entrenched networks
- Costs of the venture and demands on time of participants
- The length of time needed to achieve change

- There is resistance from management and employees in public sector functions
- Public sector officials distort the project to benefit themselves

The four main forms of collective action are:

- **A commitment-based or mobilising initiative:** Companies and organisations come together to declare publicly a commitment to integrity and no toleration of corruption. This may include work to advocate and advance integrity in sectors or societies. They may often include benchmarking, learning and advocacy activities. Examples are the UN Global Compact and the Thailand Private Sector Collective Action on Action Coalition against Corruption. Click here for details.

- **Integrity Pact:** This is a tool developed in the by Transparency International to prevent corruption in public contracting.  Integrity Pacts have been applied in more than 15 countries and 300 separate situations.  To see the components of an Integrity Pact click here.

- **Industry or sector initiatives:** Companies come together to advance anti-corruption practice including benchmarking, learning and development of codes and tools or transparency. An example is the Extractive Industries Transparency Initiative.

- **Specific anti-corruption objectives:** This recognises that bribery issues often cannot be resisted or dealt with by a company acting on its own. Companies come together, often with the relevant government ministry or function and work over time to eliminate the bribery issue. An example is the Maritime Anti-corruption Network which is working to eliminate demands for small bribes in maritime logistics. Click here for details.

For a list of collective action initiatives visit the Basel Institute's International Collective Action Initiative.

# 3.4.1 Best practice indicators: Collective action

- **Understand:** Research and benchmark how collective action is used in countering bribery.

- **Apply:** Identify and act on opportunities for your company to deal with intractable bribery risks or to contribute to reducing corruption in societies.

- **Integrate:** Consult with stakeholders about collective action initiatives, consider how they can be involved in your company's initiatives.

- **Utilise skills:** Involve employees working at the front line as they can bring practical expertise.

- **Plan and measure:** Develop measures and targets for collective action and track outcomes.

- **Report:** Report publicly on progress.

# 3.5 Enabling factor: Business systems

The company's approach to use of business systems and new technology will contribute to an enabling control environment.

- **Innovation:** Embrace innovation and new technology. Experience and skills in use of systems and existing systems will enhance countering bribery and corruption.

- **Continuous improvement:** Integrate the anti-bribery programme into the quality or excellence management system.

- **Change management:** Apply this to revamping the anti-bribery programme when new attitudes need to be developed and new systems and ways of working introduced.

- **New technology:** Use new technology systems comprehensively such as big data management, automated workflows, business intelligence software, and statistical quality control. These are becoming essential for global companies in achieving effective anti-bribery programme. There are many opportunities including due diligence, bribery detection, forensic analysis, audits, analysis of social media, and communications to employees and third parties.

# 3.5.1 Big data

'Big data' is the term for systematic management of large volumes of aggregated data and cloud storage. It can be used in due diligence and monitoring, on PEPs and on potential and appointed third parties. Information can be obtained from specialist providers and open source platforms. An electronic workflow system uses software tools to gather centralised information on transactions. They enable automation and monitoring of anti-bribery procedures and controls. These are powerful tools that can provide visibility and analysis of a range of high risk transactions. Although a global system is an ideal, companies in practice may not be able to implement unified global data workload systems for historic organisational or systems reasons, cost or the need to observe data protection laws in varying jurisdictions. Some of the main uses are:

- **Onboarding:** Recruitment of employees and appointment of third parties.

- **Relationship management:** Documenting, analysing and progressing relationships with potential and current third parties.

- **Planning:** Planning, implementation, modelling innovation and monitoring, including risk management and due diligence.

- **Tracking performance and compliance:** Data analytics can contribute to continuous improvement through risk analysis, process simplification, identification of red flags and trends, reduction and improvement of anti-bribery controls.  This can cover training, third parties, gifts, hospitality and expenses, key indicators for internal controls, red flags and non-compliance.

- **Incident management:** Place all reports in a centralised incident management system to enable an accurate and complete view of incidents and a basis for analysis and investigation.

- **Audit trail:** Evidence is recorded and is accessible should there be any investigations by auditors or the authorities.

## 3.5.2 Business intelligence systems

Managing very large data sets is becoming critical to anti-bribery management. Companies need to consider what data they have or could obtain and how this could be used to manage and improve their anti-bribery programme for third parties. Supply chain control towers are an example of a tool to manage the large volumes of data in the supply chain.

Business intelligence systems allow data analysis and data mining, for a variety of purposes, of large volumes of information drawn primarily from the aggregated data and process workflow systems.

**Data mining** is the analysis of large quantities of data, including text, to draw out significant and otherwise unidentifiable patterns such as bribery risks within the stages and transactions of a supply chain, for example hidden linkages between third parties and high-risk people. Tools can incorporate visual analytics. **Data analytics** can be used to explore processes, and for modelling and scenarios.

> Data are the lifeblood of decision-making and the raw material for accountability. Without high-quality data providing the right information on the right things at the right time; designing, monitoring and evaluating effective policies becomes almost impossible.
>
> **A World that Counts Mobilising the Data Revolution for Sustainable Development, United Nations, 2016**

## 3.5.3 Other systems and technology applications

**Monitoring, analysis and reporting systems:** Systems to monitor anti-corruption controls which apply real-time analyses of transactions, detect anomalies and patterns. They can raise red flags, generate suspicious transaction reports and stop transactions.

**Statistical quality control:** This is used in risk assessment, due diligence and monitoring to provide control samples of third parties and transactions. This is to provide a check to the focus on high risk transactions and third parties to make sure risks have not been overlooked and that controls are working.

**The internet of things:** This is equipping physical assets with sensors to give an information system the ability to track the assets, capture, communicate, and process data. For example, by controlling assets in this way, bribery can be reduced in the supply chain, transactions can be monitored for red flags, vehicles tracked, access to assets and facilities controlled and monitored.

**Blockchain:** This is an emerging technology with potential to reduce corruption. Blockchain is an internet based, decentralised public ledger technology, a record of online events. The ledger is shared among all the different parties on a network – nodes on the blockchain. It can only be updated by consensus from a majority of the users. It can be used for instance, to help increase the transparency and efficiency of a

process such as public procurement or to counter money laundering. Global companies that provide finances to developing countries could implement a blockchain that would track exactly where the funds are spent.

**Information everywhere:** Global, integrated information can be processed centrally and made accessible to employees locally according to need through web, supply chain control towers and mobile devices. Access can be given to all employees so that they know which third parties are registered or accredited, or access can be restricted by function or geography. Employees may be given access through their laptop or smart device, wherever in the world they happen to be. In such case it is helpful if the process workflow system can recognise more than a singular entry of one third party and assign overall lead responsibility to a particular function or division so as to prevent duplication of effort.

**Mobile technology:** Consider if apps could be used for applications such as providing on the spot information and support to employees when travelling or Q&As on the anti-bribery programme. Mobile devices can be also used to monitor third parties, logistics and projects.

- Example of practice: Tesco supplier app. Click here.
- Example of practice: Indonesia anti-corruption app provides anti-bribery information. Click here.

**Web and social media tracking:** Monitoring the web and social media can reveal information for due diligence, trends and particular issues related to the company.

> 'Data analytics is a massive trend and it is not going away. As the amount of available open source and syndicated material becomes available – I am also talking about social media – the ability of a risk professional to comb through that material is diminished unless they have advanced data analytics and aggregation tools. As the state of technology grows, the ability to mine effectively must be used with data aggregation and data analytic techniques. You will be able to see a bigger slice of the pie, you are going to be able to do it quicker and you are going to have a cleaner set of third parties.'

Interview: professional adviser, 2016

## 3.5.4 Best practice indicators: Business systems

- **Innovate:** Consider how business systems and new technology can be utilised in the anti-bribery programme. Be open minded and innovative.
- **Integrate:** Integrate the anti-bribery programme into the excellence or quality management system.

# CHAPTER APPENDIX

## 3.6.1 Example stakeholder approach: from Swarovski sustainability report 2015

**Factsheet 4, Stakeholder engagement: Stakeholder engagement: Listening and responding to stakeholder expectations**

Engaging with our stakeholders and taking their views into account is critical to our success as a business. Our key stakeholders include: our shareholders, employees, customers and business partners, suppliers, national and regional governments, regulators, non-governmental organizations (NGOs), industry associations and local communities. We regularly engage with all of these groups, directly and indirectly, through events, partnerships, one-to-one meetings, surveys, digital and social media channels.

## 1. IDENTIFY:

Based on the issues identified through our 2012 internal consultation and assessment, and cross-checking against GRI G4 guidelines and peer benchmarking, we compiled a long list of CSR issues for consideration in our materiality assessment.

## 2. PRIORITIZE:

Using set criteria, we invited representatives from diverse stakeholder groups to score the issues in terms of relative importance, from low to very high. These groups included: employees, customers, consumers, suppliers, NGOs, industry associations, multi-stakeholder organisations (e.g. the United Nations), and CSR experts. We did this via a combination of in-depth interviews, an electronic survey, and an online consumer focus group. We also undertook a 'social media listening' exercise to understand which issues were being discussed most prominently on social media (e.g. Twitter, Facebook) and digital channels (e.g. blogs, news websites), giving a high score to issues sparking a lot of conversation, and vice versa. We collated and analyzed all the scores to reach an average score for each issue. From the original list of approximately 40 CSR issues identified, we consolidated the issues that ranked as 'high' in importance to both the business and our stakeholders. Through this process, we selected nine issues that we consider to be the most relevant to SCB and our stakeholders.

## 3. VALIDATE:

We held an internal workshop to review and validate the prioritization of issues on a materiality matrix. The finalised matrix was then signed off by our senior leaders. We have focused our reporting on these material issues, as reflected in the content of our 2015 Sustainability Report factsheets and our GRI G4 index. The table overleaf provides further detail on issue definitions and boundaries, stakeholder interest, GRI aspects, and topics covered with our 2015 Sustainability Report.

## 3.6.2 Example of use of new technology: Tesco supplier app

Tesco launched a new app fin 2016 or suppliers that allows them to connect to the supplier network and all its services from mobile devices. Launched in 2015, the Tesco supplier network is an online community designed to link suppliers and producers.

The app provides a more accessible version of the network, with services including instant notifications on the latest updates from Tesco contacts, upcoming supplier visits, online presentations and industry conferences. Suppliers can also keep track of discussions and respond easily, as well as read, watch and download all of the network's insights while on the move. Since the launch of its supplier network website in January 2015, membership had grown to over 5,000 with representation from over 50 countries by April 2016. A survey found that 94 per cent of respondents said that they felt the network was helping to develop their relationship with Tesco.

**Tesco, April 2016[3]**

## 3.6.3 Indonesia anti-corruption App provides anti-bribery information

Indonesia's anti-corruption agency launched a mobile app in 2016 with graphics and games to educate the public and officials about bribery. The app, available for free on iPhones and handsets using the Android operating system, features a virtual theme park where animated graphics teach people about how to avoid giving out or receiving payments that could be considered bribes. It also incorporates quizzes to test people's knowledge of the issue. 'Many state officials and entrepreneurs are not aware that giving gifts and free services constitutes corruption and is an offence,' said Johan Budi, a spokesman for Indonesia's corruption eradication commission spokesman.[4]

## 3.6.4 Collective action: The Maritime Anti-Corruption Network

The Maritime Anti-Corruption Network (MACN) is a global business network in the maritime industry with the aim of achieving a maritime industry free of corruption. MACN's work is based on multi stakeholder collaboration.

Established in 2011, MACN is comprised of vessel -owning companies within the main sectors of the maritime industry and other companies in the maritime industry including cargo owners and service providers. Members have adopted MACN Anti-Corruption Principles and activities include communicating progress on implementation, sharing best practices, and creating awareness of industry challenges.

The essence of the MACN collective action approach is that successful, lasting changes in the operating environment will take effect only if they are enabled and supported by and beneficial to key stakeholders. As such, key stakeholders must be involved in both assessing the challenges and devising the solutions.

---

[3] https://www.tescoplc.com/tesco-and-society/latest-updates/2016/new-tesco-supplier-app/
[4] https://www.theguardian.com/global-development/2014/oct/03/indonesia-corruption-eradication-commission-app

Further, the collective action approach assumes that interventions have to be targeted as barriers and that the stakeholders relevant to eliminating corruption are often situation-specific. The approach also stresses the importance of transparency throughout the process of engaging in collaborative efforts. Stakeholder inclusiveness, local ownership, and transparency are thus fundamental to this approach.

## Example project: Nigeria, 2012: Face-to-face integrity training, harmonizing regulations, establishing grievance mechanisms.

> MACN identified Nigeria as one of the most challenging countries to do business, with requests for facilitation payments posing a major risk to member companies, and with cases of extortion, harassment, and threats of violence. Moreover, regulations and procedures in ports were lacking in detail and consistency, giving authorities wide discretionary powers. Surveys of MACN members suggest that the initiative is having a positive effect on the operating environment. The waiting time for vessels has decreased, and terminal operators and agents have been actively assisting MACN members in rejecting facilitation payment demands.
>
> MACN Impact Report 2016

## 3.6.5 Case study: Thailand Private Sector Collective Action on Action Coalition against Corruption (CAC)

Thailand's Private Sector Collective Action against Corruption (CAC) was founded in 2010 and is an initiative by the Thai private sector to take parts in tackling corruption by collective action. The CAC aims to bring effective anti-corruption policy and mechanism into implementation by companies in order to create an ecosystem of clean business community.

The CAC was co-founded by the country's eight leading organisations in the private sector including the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Federation of Thai Industries, the Federation of Thai Capital Market Organizations, the Thai Bankers' Association, the Tourism Council of Thailand, and the Thai Institute of Directors Association (IOD), which also serves as its secretariat and takes a leading role in driving the program.

As at 14 November 2016, CAC had 748 member companies of which, 200 had undertaken a self-evaluation based on a tool developed by Transparency International. Prospective members must sign a declaration of intent and then submit a self-evaluation of their anti-bribery programme. This is checked by a CAC auditor and if satisfactory, certified membership is approved by the CAC Council. The certification process is repeated every three years.

# 3.6.6 Integrity Pacts

## Components

- It contains rights and obligations to the effect that neither side will pay, offer, demand or accept bribes, or collude with competitors to obtain the contract, or while carrying it out.

- Bidders will disclose all commissions and similar expenses paid by them to anybody in connection with the contract.

- Sanctions will apply when violations occur.

- Level playing field. It allows companies to refrain from bribing in the knowledge that the competitors are bound by the same rules.

- It restricts opportunities for corruption in a particular project, typically public project. Eventually helps to reduce the high cost of corruption on procurement, privatization and licensing. Also, helps to reduce the distortionary impact of corruption.

- It requires maximum transparency all along the various steps leading to the contract and throughout its implementation. This includes extensive and easy public access to all the relevant information of the project or contract.

It includes a monitoring system typically led by civil society groups. Very often this is a TI Chapter. Integrity Pacts have been applied in more than 15 countries and 300 separate situations.