

Partnering Against Corruption Initiative (PACI)

Sao Paulo, Brazil

21st June, 2006

**Jermyn Brooks
Board Member of PACI and of
Transparency International**

PACI - Background

The World Economic Forum Partnering Against Corruption Initiative (PACI) is a multi-sectoral, implementation & performance oriented anti-corruption initiative. It is business-driven.

PACI seeks to:

- Offer a neutral platform for companies to consolidate their efforts to counter bribery and corruption
- Extend to a wider group of companies the ongoing efforts to implement measures to fight corruption and bribery
- Communicate to a wider public the active commitment of leading companies to the principles of countering bribery and corruption
- Integrate anti-corruption experts, NGOs, international organizations and governments into the activities of the PACI in order to develop a wider and more comprehensive effort to fight corruption and bribery

PACI - Objectives

When PACI was launched at the Annual Meeting in Davos in January 2004, the initiative was mandated with three objectives:

1. To create a **common language** on corruption and bribery valid for all industries;
2. To develop a mechanism to ensure **public commitment** from the top level of companies;
3. To support companies to **implement** their commitment and to work on appropriate means for **verification and compliance**.

PACI - Signatories today

- 101 signatory companies
- Representing a turnover of over 500 billion USD and more than 1.4 million employees worldwide
- Signatories include: ABB, Alcan, CH2MHill, Coca Cola Romania, CODELCO, De Beers, Empresas Petroleo Ipiranga, Enel SpA, Fluor, Eskom, HP Romania, Newmont Mining, Petrobras, PETRONAS, Rio Tinto Plc

PACI – Commitment to two principles

- ***“Zero Tolerance” Policy***
- ***Effective Internal Program for Implementation***

Zero Tolerance Policy

Prohibits bribery by or on behalf of the enterprise, in any form

- Giving or accepting bribes
- Directly or through an agent or other intermediary
- To secure any improper business advantage

Identifies and discusses “high risk” areas

- Political/charitable giving
- Gifts/expenses
- “Facilitation” payments
- Business relationships

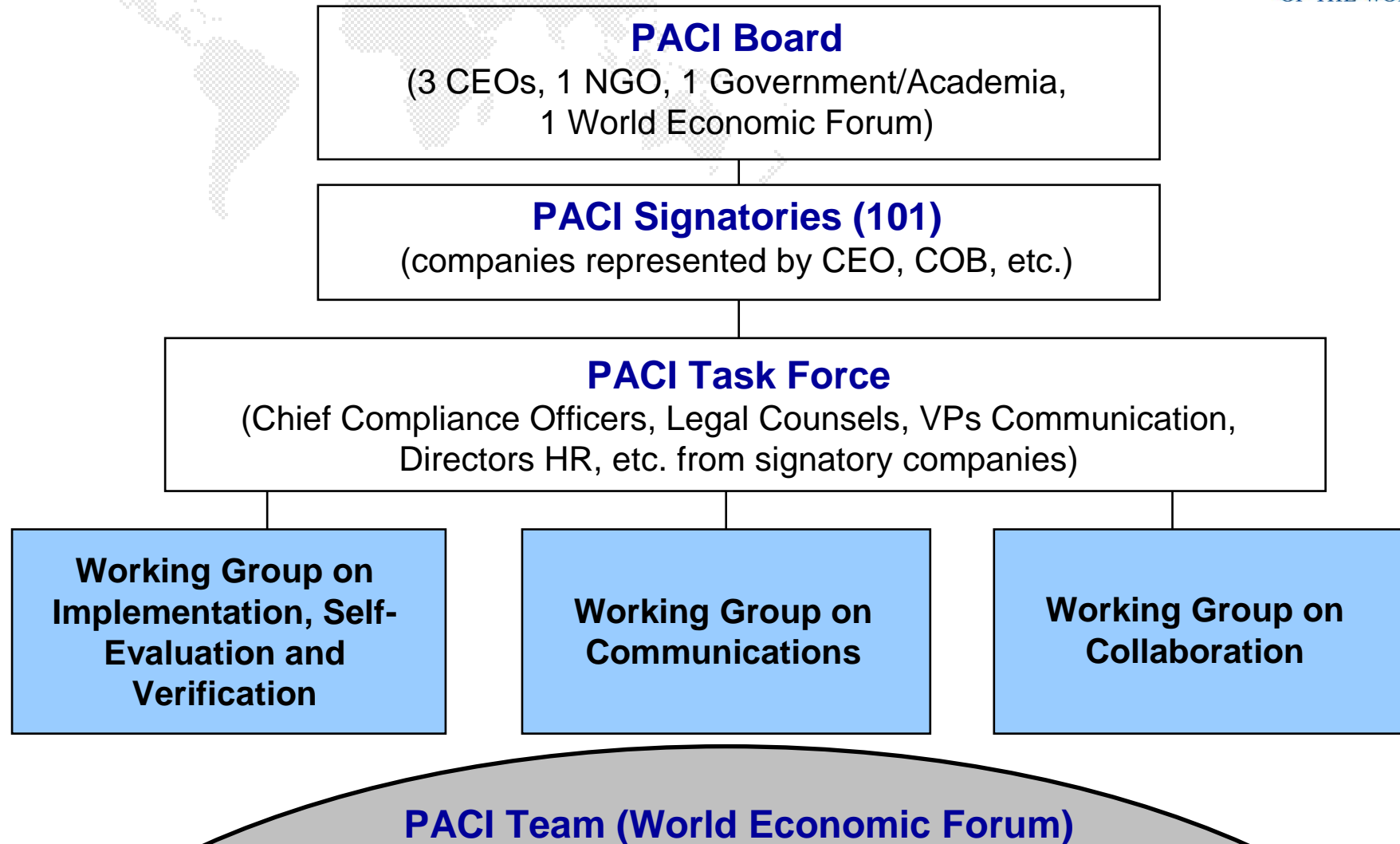
Effective Program

This commitment is to establish (or, for enterprises with existing programs, to continue) an “effective” internal implementation program.

An effective program is the entirety of an enterprise’s anti-bribery efforts.

- This includes its code of ethics, policies and procedures, administrative processes, training, guidance and oversight.
- The practical objective is to make anti-corruption policy an integral part of daily practice.
- Communication channels should reflect compliance efforts and provide for reporting of suspicious circumstances
- Effective audit/oversight of controls key

PACI - Governance



PACI – Board

- **Alan L. Boeckmann**, CEO, Fluor Corporation, USA
- **Jermyn Brooks**, Member of the Board of Directors, Transparency International
- **Hassan Marican**, CEO, Petronas, Malaysia
- **Wayne W. Murdy**, CEO, Newmont Mining Corporation, USA
- **Mark Pieth**, Chairman, Working Group on Bribery, OECD and Professor, Basel Institute on Governance
- **Richard Samans**, Managing Director, World Economic Forum

PACI – Working Group on Implementation, Self-Evaluation and Verification

Objectives:

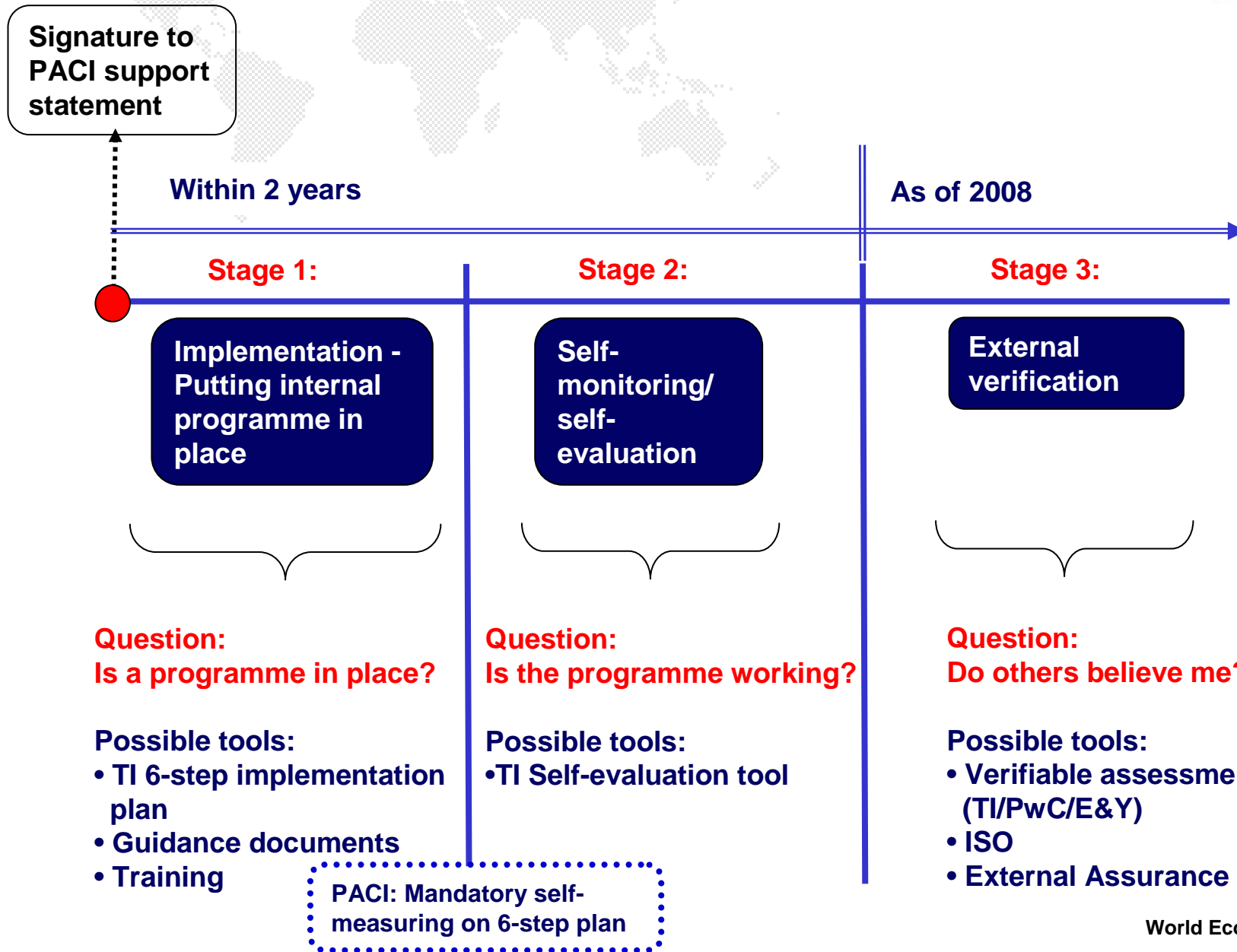
- Explore opportunities and suggest active measures for sharing good practice among the PACI Task Force / PACI signatories
- Answer the question: “How do we know you’re doing what you say you’re doing?” and eliminate perceptions that efforts are “only a PR exercise”
- Level the playing field - eventually with independent certification
- Show MDBs and others that a verification process is underway
- Evaluate possibilities and recommend support tools for implementation

PACI – Working Group on Implementation, Self-Evaluation and Verification

Project update:

- Developed and agreed on staged approach:
 - Stage 1:** Ensure an adequate programme is in place
 - Stage 2:** Conduct internal “audit” to gain confidence in program effectiveness
 - Stage 3:** Seek external/3rd party verification/certification
- Conducting “sharing experience sessions” with signatory companies and developed private Webpage for sharing of experiences, implementation means, policies and good practice among PACI signatories (currently in trial phase)
- Finalizing PACI specific guidance document for implementation of programme
- Requiring self-assessment from signatory companies within two years of signature and conducting surveys on current status quo
- Evaluating TI Self Evaluation Module as the internal audit tool
- Liaising with potential third party certifiers (i.e. auditing firms, standard setting bodies)
- Working with multilateral development banks to advance common agenda

PACI: Signature and then what?



PACI – Working Group on Communications

Objectives:

- Develop internal and external communications tools for PACI signatory companies to share their engagement
- Develop an overall communications strategy for PACI
- Formulate text for PACI communications and support documents and Website

Project update:

- Currently developing and updating standard communications tools
- Engaging professional communications agency
- Finalizing PACI communications strategy

PACI – Working Group on Collaboration with other Anti-Corruption Initiatives

Objectives:

- Streamline activities and collaborate with other anti-corruption initiatives to avoid duplication of efforts and enhance effectiveness of overall approach
- Engage with global and local anti-corruption initiatives and bridge dialog
- Introduce PACI in specific countries and establish a local network

PACI – Working Group on Collaboration with other Anti-Corruption Initiatives

Project update:

- Joint statement on collaboration with TI, ICC and Global Compact publicized in December 2005
- Exploring opportunities for active collaboration in certain areas, i.e. implementation and country-specific outreach programmes
- Launched the PACI Peer Group Strategy in fall 2005 and currently work with Romania, Poland, South Africa and Brazil to advance the activities
- PACI Principles is supported by the UN Global Compact as a pragmatic means to implement the new 10th Principle of the Global Compact

Why should a corporation sign?

- The fight against corruption **is the right thing to do**
- **Demonstrates leadership** and inspires employees
- The ethical standards of partners and suppliers are becoming more important
- The PACI **Principles were driven and shaped by business**
- If business does not create a standard, one will most likely be forced upon them
- Most international companies are subject to one or more OECD-based anti-bribery laws requiring internal programs
- The PACI Principles reflect evolving industry practice and framework for developing legal compliance programs
- Ethical companies will remain at a competitive disadvantage in many markets until strong anti-corruption practices are more widespread.

Why should a corporation sign?

- An effective compliance program **offers practical benefits in public relations, marketing, employee morale and procurement eligibility.** Governments and clients are beginning to require some level of anti-corruption standards
- Implementing the Principles can **reduce legal and reputation risks and expenses.** In some countries, having a strong program can mean lower penalties or even influence authorities to not prosecute a particular case.
- The PACI Principles are highly credible as they are based on **Transparency International's Business Principles for Countering Bribery** and created in consultation with the OECD.
- The Principles are supported by the UN's Global Compact as a pragmatic implementation effort in line with the goals of the Compact's anti-bribery standard.
- Signatories **develop a network that is a source of help** to develop best practices in anti-corruption



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