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Representatives of the signatory companies to the PACI Principles on Countering Bribery make up the PACI Task Force, which convened in New Delhi on 10-11 April 2013 to review the Task Force's activities, share best practices and steer future initiatives of the group.

Over two days, PACI Task Force members discussed a range of issues related to the theme of the meeting: risk assessment. The first day featured a peer-to-peer exchange focusing on desired meeting outcomes, an update of PACI programmatic and other initiatives, and a joint session with the United Nations Global Compact (UNGC) focusing on collective action and tools for improving risk assessment.

On the second day of the meeting, the PACI "Good Practice Guidelines on Conducting Third-Party Due Diligence" were officially launched. Members also discussed the challenges inherent to performing due diligence and shared best practices through various open exchanges of experience. The goal was to explore opportunities for advancing and aligning PACI's work in association with the B20 agenda and key industry initiatives, as well as collaboration with the UNGC and other partners.

PACI Members representing 27 companies from 11 countries participated in the 19th PACI Task Force Meeting, including several PACI members from India.

Gurpreet Walia, Principal Marketing Manager, Infosys Ltd and Sachin Taparia, Managing Director, LocalCircles India opened the meeting with welcome remarks.

Day 1 – 10 April 2013

iShare – Introductions through Speed Networking

Participants networked and shared their expectations for the meeting. Learning from one another about how to make compliance work in conjunction with the PACI Principles topped the list of issues discussed by members at this session. Participants also shared best practices on implementing a zero-tolerance policy across the entire structure of their organizations; ensuring alignment with corporate ethical standards; and understanding what compliance means in different contexts, countries and cultures for companies operating in multiple markets.

Discussion also touched on the question of further engagement on the issue of collective action; some disappointment was expressed that too few companies were supportive of this approach as a means to tackle the tough issues shared across industry sectors. Some participants were of the opinion that PACI could provide a forum to generate a critical mass to make a greater impact.



PACI Update

Elaine Dezenski, Senior Director and Head of PACI, updated PACI Task Force members on PACI's work, and provided a summary of key initiatives and developments since the 2012 Task Force Meeting.

As of April 2013, PACI included 94 members. The current group of members includes only those companies who have reaffirmed their commitment to the PACI principles in the past 12 months.

While a majority of PACI members are European and North American companies, newer members are emerging from Asia, the Middle East, Africa and Latin America. This provides an excellent opportunity for further engagement with companies from the BRICS countries.

Key initiatives were discussed, including the Good Practice Guidance on Third-Party Due Diligence; and a new initiative to develop best practices framework to bring about greater transparency across supply chains. The latter is linked to the B20 recommendations and is intended to build capacity among small and medium enterprises (SMEs) to implement anti-corruption measures. The Forum is promoting the application of the virtual Leading Practice Exchange (LPE) as a host site for developing supply chain and SME anti-corruption tools and practices.

Another PACI initiative seeks to stimulate an industry dialogue series with the Aviation, Travel and Tourism (ATT) industry community within the World Economic Forum. Steps are under way to develop a dialogue series to review the particular transparency and corruption challenges facing the Aviation, Travel and Tourism sectors. Addressing these challenges will then form the basis of an anti-corruption agenda

At the time of the meeting PACI was preparing to host private events on transparency at the World Economic Forum on Latin America on 23 April, as well as the World Economic Forum on the Middle East and North Africa on 24 May, under the heading of "Transparency as a key driver of competitiveness". The latter event was intended to consider transparency as a key driver of social change, with a special focus on public-private partnerships in Jordan.

PACI was also planning to engage with the Investors, Mining and Infrastructure communities at the World Economic Forum on East Asia, in Nay Pyi Taw, in June. During events at the East Asia summit, PACI will engage with these communities that are so critically important to investment in Myanmar's future and contribute to discussions about how Myanmar should set up its industry policies to align with responsible investing to create sustainable and impactful investment.

Regarding global activities, PACI established a working group in March 2013 to conduct a review of the PACI Principles with a view to bringing the Principles in line with best practices; understanding what makes PACI distinctive from other anti-corruption initiatives; and working with members to understand what strategic direction PACI should follow.

Finally, the PACI Radar was introduced as an online tool for PACI Members. The PACI Radar is being promoted as a centralized one-stop-shop for access to the entire range of information about PACI activities, its members and events (www.paciradar.com). The platform provides access to the Leading Practice Exchange, which the Task Force hopes will develop into a repository of best practices in anti-corruption as well as other global risks.



Joint Session – PACI and UNGC

The PACI Task Force meeting coincided with the 12th Meeting of the United Nations Global Compact Working Group on the Tenth Principle against Corruption. This event saw the launch of a global “call to action” to mobilize business to commit to opposing corruption, particularly in the area of procurement, as well as to promote good governance and a commitment to the rule of law in order to advance the UN’s post-2015 development agenda.

On 10 April, as a part of the PACI Task Force meeting, PACI and UNGC organized a joint session on global collaboration against corruption. Olajobi Makinwa, Head, Transparency and Anti-Corruption, Coordinator, Senior Civil Society, United Nations Global Compact, provided a briefing which highlighted the work of the Working Group meeting on the 10th Principle.

Ms Makinwa explained that UNGC had made a “Global Call for Action” for the full implementation of the UN Convention against Corruption. This “call to action” includes a demand to make a commitment to reduce corruption risks from procurement and contract processes, make e-procurement a priority, and ensure transparency in all payments made to governments by the private sector.

The Working Group’s activities on sports sponsorship and hospitality were also reviewed. A list of further priority areas was identified for targeting with anti-corruption measures, namely infrastructure, real estate, government transactions, defence dealings, natural resources and financial services.

A new risk assessment tool, a Draft Anti-corruption Risk Assessment Guidance, was also introduced in the session; the comprehensive guide is currently open for public comment.

During the next session, Lee Tashjian, Special Assistant to the Chairman and Chief Executive Officer, Fluor Corporation, led a discussion on the B20 agenda and collective action. He explained that at the G20 meeting in Seoul, South Korea, in 2010, the B20 had discussed the formation of a collective action hub, which would gather under one roof the practices that have been working well as part of efforts to make collective action work globally. The hub is to be created in 2013. Tashjian described the proposal and called for partners to facilitate its development. In response to his presentation, session participants emphasized the importance of including civil society in the hub, and suggested the creation of smaller action hubs in different regions in addition to a single, large action hub.

PACI and UNGC Dinner

N.K. Singh, Member of Parliament of India, addressed members of the PACI Task Force and UNGC participants at a joint PACI-UNGC welcome reception and dinner. He confirmed that much remains to be done in India to further the anti-corruption effort. He explained that five corruption-related bills that were important in the battle against corruption in that country remained pending in parliament. He argued that institutions must be depoliticized to prevent them from firewalling efforts to improve transparency and that judicial reforms must be undertaken in an earnest manner to ensure timely and appropriate delivery of justice. Singh also identified electoral reforms, especially reform of electoral funding, as an imperative and spoke of the need to introduce transparency across the board in all aspects of government service delivery.

Introductory remarks were also offered by S.P.S. Bakshi, Chairman-cum-Managing Director, Engineering Projects Ltd, who commented on the importance of business engagement in anti-corruption initiatives as well as the importance of organizations such as the UNGC.

Day 2 – 11 April 2013

PACI Principles Review

During this session of the Task Force Meeting, participants were reminded that next year will mark 10 years since the PACI Principles were first developed and adopted. Since then, corporate compliance has developed significantly and several new compliance and integrity instruments have emerged. A detailed review of the PACI Principles seeks to involve the entire PACI community, as well as ex-officio members from leading international organizations which operate in the anti-corruption field, such as the United Nations Office on Drugs and Crime, and Transparency International.

Phuong Duong, Senior Manager, PACI, outlined the review process, while Tashjian outlined the rationale for the review and facilitated a broader discussion by the group to seek its input and feedback on some of the most critical issues.

Several members suggested that it may be time to add collective action as an aspirational notion to the PACI Principles. This would change its character; however, PACI is uniquely positioned to use the Forum's convening powers to work with stakeholders to strive for this outcome. Some participants, however, expressed a preference for a simpler, shorter version of the Principles. One member suggested the need for a common set of principles to be co-branded by the key international organizations working in this field, including Transparency International, the OECD, the UNGC and PACI. Another suggestion was to bring in more countries from the BRICS, the argument being that MNCs from these countries need to be represented, while PACI currently has a preponderance of European and North American signatories.

Discussions also centred on the development of a road map for inclusion in the PACI Principles to provide notional guidance to companies that have not yet achieved the gold standard in terms of compliance programmes. It was felt that while it is important to promote chief executive officer engagement with PACI and to strive for increased membership, PACI should not become a seal of approval for companies unless they demonstrate a high degree of commitment to working together to achieve industry, regional or global standard-setting in relation to anti-corruption.

Launch of “PACI Good Practice Guidelines on Conducting Third-Party Due Diligence”

This session saw the official launch of the PACI Good Practice Guidelines on Conducting Third-Party Due Diligence. The document is intended as a guide to good business practices in effective due diligence regimes, which businesses can then tailor to fit their own context when implementing due diligence programmes.



Jens Ole Legart, Senior Specialist Business Ethics, Vestas Wind Systems, and Randall Corley, Global Compliance Officer, Edelman presented a summary of the process through which the guidelines were created – starting with discussions on due diligence obligations triggered by the UK Bribery Act and other legislation around the world, which contributed to the formation of a five-member working group in late 2011, led by Jennifer Quartana Guethoff, Deputy Chief Ethics Officer at Deloitte Touche Tohmatsu. Efforts have been made to ensure that the guidelines adhere to key country legislation on the subject. The guidelines went through two rounds of validation by the PACI community before they were finalized.

The guidelines take a risk-based view of due diligence along the entire supply chain, and aim to help organizations conduct third-party due diligence with a view to mitigating the risk of becoming involved in corruption through their third parties. The advice found in the guidelines is relevant to all types of organizations engaged in business activities, covering both bribery towards public officials and commercial bribery (between private persons). However, it was emphasized that they are neither a new set of obligations for PACI members, nor do they prescribe how much due diligence should be conducted and for which third parties – that is a decision for businesses to take on a case-by-case basis based on their own unique circumstances.

Discussion on Due Diligence

During this session, Steven Fox, Managing Partner, Veracity Worldwide, moderated a discussion on due diligence, which was followed by an exercise in which participants were divided into three break-out groups. The questions discussed by each break-out group included whether “all red flags are equal”. In this regard, the unanimous answer was “no”. Some companies rank red flags by severity, while others take a more ambiguous approach based on context. However, regardless of how threatening a red flag is, it was agreed that some are harder to mitigate than others. Business unit personnel responsible for a particular relationship should be responsible for conducting due diligence of the third party concerned, although this requires training and guidelines for personnel outside the compliance function to help structure thinking. No matter how comprehensive the approach to performing due diligence, some problems are certain to remain and multinational companies are likely to be entering a difficult period as they forge relationships in new and emergent markets.

Another discussion centred on how companies can determine baseline risk levels given the complexity and diversity of issues raise. One optimal scenario could include the compliance and sales personnel together assessing such red flags. The process can be systemized through the use of technology, improving consistency across the assessment and helping non-compliance teams to undertake this work.

Another challenge identified during the session centred on how to ensure that key people remain focused and prevent due diligence from becoming a “tick-the-box” exercise, and to incentivize these activities with key staff. Another is to ensure that compliance teams meet the third parties concerned in person when red flags appear. One participant explained that their organization has formed a risk committee and whenever the compliance function is under pressure to make a difficult decision, the committee makes the decision so that accountability is shared.

The third and final question explored by the group focused on how companies should manage relationships involving state-owned enterprises. Participants concluded that obtaining the relevant information from state-owned businesses is typically more challenging. Although some countries may have audit rights, these are invariably more difficult to enforce against government enterprises. One solution may be to use special-purpose vehicles to minimize compliance problems. Session participants agreed that a commonsense approach would be to avoid markets that are too challenging. However, there are few instances when companies have chosen to completely avoid markets where compliance would be too challenging. Emphasis was placed on the importance of considering the overall political context of a country to understand how political decisions are made and how these factors influence business.

Practice Sharing by a new PACI member:

Representatives from a new member company of PACI shared their experiences with risk assessment, due diligence and compliance challenges in the Travel and Tourism sector. Participants were generally in agreement that in this sector, as much as in any other, the need for collective action is indisputable. Participants discussed mechanisms for escalation (in the event that a red flag is discovered during due diligence). In some companies regional/divisional people report to the chief compliance officer who scrutinizes all diligence and is available to answer queries 24/7.



Best Practice iShare

By way of conclusion to the meeting, participants joined in another iShare session, this time with a view to sharing best practices. Some of the best practices that participants outlined included:

- An audit programme implemented with discipline and consistency.
- Use of IT-based as well as people-based solutions.
- Comprehensive training programmes to ensure that the people on the ground do not feel tempted to cut corners.
- A compliance template, with weights attributed to the different areas so that a “compliance score” can be compiled.
- Annual ethics awareness workshops, in addition to basic code of conduct training and targeted compliance training.

Additional key takeaways:

1. Compliance practices are evolving rapidly, and what was exceptional a few years ago is standard practice today.
2. Meeting participants agreed that greater CEO engagement in PACI will be beneficial.
3. A clear and pressing need exists to involve newer countries and regions in anti-corruption initiatives with business.
4. Businesses are heading for challenging times, with a need to strike a balance between tighter regulations in developed countries and patchy, complicated systems in newer markets.
5. Collective action must be the way forward for anti-corruption platforms.
6. The ongoing PACI Principles Review offers an opportunity to update the principles in light of the realities described above, to ensure strong CEO-level engagement and development of a strong standard for those organizations that are truly committed to the PACI objectives.

PACI Calendar

23-25 April: PACI private session at the World Economic Forum on Latin America, Lima, Peru

24-26 May: PACI private session at the World Economic Forum on the Middle East and North Africa, Dead Sea, Jordan

5-7 June: PACI private session at the World Economic Forum on East Asia, Nay Pyi Taw, Myanmar

14-15 October: PACI Task Force Meeting, World Economic Forum, Geneva, Switzerland

Final Programme

Venue: Taj Palace Hotel, New Delhi, India

Wednesday 10 April

10.00 - 12.30	PACI Board Delegates meeting Attendance required for PACI Board Delegates ONLY
12.30 - 13.00 <i>Roshanara</i>	Registration Opens
13.00 - 13.15 <i>Roshanara</i>	Welcome and Introductions Welcoming Remarks by Elaine K. Dezenski, Senior Director, Head of Partnering Against Corruption Initiative (PACI), World Economic Forum Sachin Taparia, Chairman and Managing Director, Local Circles, India Gurpreet Walia, Principal Marketing Manager, Infosys, India
13.15 - 14.30 <i>Roshanara</i>	iShare - Introductions through Speed Networking Introduced and Moderated by Joel Fernandes, Senior Community Manager, Partnering Against Corruption Initiative (PACI) and Global Leadership Fellow, World Economic Forum, Switzerland
14.30 - 14.45 <i>Roshanara</i>	Report Back on iShare Session
14.45 - 15.45 <i>Roshanara</i>	PACI Update
15.45 - 16.00 <i>Roshanara</i>	Coffee Break
16.00 - 17.30 <i>Roshanara</i>	Joint Session PACI and UN Global Compact Welcoming Remarks by Olajobi Makinwa, Head, Transparency and Anti-Corruption; Coordinator, Senior Civil Society, United Nations Global Compact, New York
19.00 - 22.00 <i>Roshanara</i>	Welcome Reception and Dinner with the UN Global Compact

Thursday 11 April

09.00 - 09.30 <i>Mumtaz Hall</i>	PACI Principles Review
09.30 - 10.00 <i>Mumtaz Hall</i>	Launch of the PACI Good Practice Guidelines on Third-Party Due Diligence Presented by Randy Corley, Global Compliance Officer, Edelman, USA Jens Ole Legart, Senior Specialist, Business Ethics, Vestas Wind Systems, Denmark
10.00 - 10.15 <i>Mumtaz Hall</i>	Discussion on Due Diligence Presented by Steven Fox, Managing Partner, Veracity Worldwide, USA
10.15 - 11.15 <i>Mumtaz Hall</i>	Working Sessions in Break-out Groups Group 1: Are all red flags equal? Group 2: Country and Industry Risk Profiling Group 3: Managing Relationships involving State-Owned Enterprises
11.15 - 11.30 <i>Mumtaz Hall</i>	Report Back on Break-out Groups
11.30 - 11.45 <i>Mumtaz Hall</i>	Group Photo
11.45 - 13.00 <i>Mumtaz Hall</i>	Update on the G20/B20 Presented by Lee Charles Tashjian, Special Assistant to the Chairman and Chief Executive Officer, Fluor Corporation, USA
13.00 - 14.00 <i>Mumtaz Hall</i>	Lunch
14.00 - 15.15 <i>Mumtaz Hall</i>	iShare - Sharing Best Practices through Speed Networking - Part II In a "Speed Networking" exercise, participants will present Best Practices in compliance from their respective companies. Participants are requested to bring slides, brochures and reading material if any, to share for this exercise. Introduced and Moderated by Marie-Josée Bérubé, Vice-President, Administration, SNC-Lavalin Group, Canada
15.15 - 15.30 <i>Mumtaz Hall</i>	Report Back on iShare Session
15.30 - 16.00 <i>Mumtaz Hall</i>	Coffee Break
16.00 - 16.30 <i>Mumtaz Hall</i>	Closing Plenary: Sharing Key Takeaways
19.00 - 22.00	Free Evening or Informal Dinner

Final List of Participants

PACI Members

Hans See	Regional General Counsel for Asia Pacific	Agility	Singapore
Nancy McCready Higgins	Chief Ethics and Compliance Officer	Bechtel Group Inc.	USA
Rashmi Kathpalia	Senior Counsel	Bechtel Group Inc.	India
Neil Holt	Director, Ethics and Business Conduct - International Operations	CH2M Hill Group	United Kingdom
Thomas Etter	Global Head of Compliance	Damco International A/S	Denmark
Randall Corley	Global Compliance Officer	Edelman	USA
Lee Charles Tashjian	Special Assistant to the Chairman and Chief Executive Officer	Fluor Corporation	USA
Wendy Hallgren	Vice-President, Corporate Compliance	Fluor Corporation	USA
Kenneth Zhang Yixiao	Chief Executive Officer	Haohe Engineering and Construction	People's Republic of China
Simon Peacock	Chief Executive Officer	Hilti India Pvt Ltd	India
Gurpreet Walia	Principal Marketing Manager	Infosys	India
Mario Nazareth	Executive Vice-President, Corporate Management Services	Mahindra & Mahindra	India
Philip Matthey	Chief Compliance Officer	MAN SE	Germany
Didier Lavion	CFE, Advisory Forensic Services	PwC	USA
Neville Tiffen	Global Head of Compliance	Rio Tinto	Australia
Sabine Zindera	Vice-President, Corporate Legal and Compliance	Siemens AG	Germany
Marie-Josée Bérubé	Vice-President, Administration	SNC-Lavalin Group Inc.	Canada
Kristen Prohl	Chief Compliance Officer	Starwood Hotels & Resorts Worldwide Inc.	USA
Kenneth S. Siegel	General Counsel and Chief Administrative Officer	Starwood Hotels & Resorts Worldwide Inc.	USA
Richard Fleetwood	Vice-President	Telefonaktiebolaget LM Ericsson	Sweden
Kripa Sridharan	Head of Research Asia	Thomson Reuters	Singapore
Jens Ole Legart	Senior Specialist, Business Ethics	Vestas Wind Systems	Denmark
Steven Fox	Managing Partner	Veracity Worldwide LLC	USA
William Jacobson	Senior Vice-President, Chief Compliance Officer and Co-General Counsel	Weatherford	USA
Natalie Khounago	Compliance Counsel, MENA	Weatherford	United Arab Emirates
Partha Sarathi Guha Patra	Vice-President and Head, Corporate Affairs	Wipro	India

International Organizations

Sachin Taparia	Chairman and Managing Director	Local Circles India Pvt Ltd	India
Olajobi Makinwa	Head, Transparency and Anti-Corruption; Coordinator, Senior Civil Society	United Nations Global Compact	South Africa
Susan Cote-Freeman	Programme Manager	Transparency International	USA
Shannon Bullock	Anti-Corruption Team	United Nations Office on Drugs and Crime (UNODC)	Austria

Observers

Helen Gourdin	Senior Counsel, Corporate Centre	Diageo	United Kingdom
Ajay Khanna	President	Jubilant Bhartia Group	India
Soundara Rajan Srinivasan	Group Ombudsman	Jubilant Bhartia Group	India

United Nations Global Compact Guests

Sven Biermann	Director of Anti-Corruption Projects	Humboldt-Viadrina School of Governance	Germany
Shiv Kumar Tripathi	Professor	Mzumbe University	Tanzania
Christine Beck	Project Manager	Sequa	Germany
Noor Naqschbandi	Manager	Geschäftsstelle Deutsches Global Compact Netzwerk (DGCN)	Germany
Janardhanam K	Professor and Director	CBSMS, Bangalore University	India
Sope Williams-Elegbe	Associate Director and Head of Research	Nigerian Economic Summit Group	Nigeria
Qusay Salama	Anti-Corruption Committee Member	EJB	India
Saurabh Malhotra	Legal Counsel	Intel	India
Mohammed Ahmed	Senior Manager, Forensic and Dispute Services Practice	Deloitte Financial Advisory Services LLP	USA
Jermyn Brooks	Director, Private Sector Programmes	Transparency International and GNI	Germany
Donna Chung		United Nations Global Compact	USA
Rina Narasimhan	Anti-Corruption Team	United Nations Global Compact	USA
Moramay Navarro	Anti-Corruption Team	United Nations Global Compact	USA
Neiha Bansal	Project Associate	United Nations Office on Drugs and Crime (UNODC)	India
Gaganpreet Puri	Executive Director	KPMG	India
Shabnam Siddiqui	Project Director	India Global Compact Local Network	India

From the World Economic Forum

Elaine K. Dezenski	Senior Director, Head of PACI	World Economic Forum	Switzerland
Phuong Duong	Project Manager, PACI	World Economic Forum	Switzerland
Joel Fernandes	Senior Community Manager, PACI and Global Leadership Fellow	World Economic Forum	Switzerland
Viraj Mehta	Director, Head of India and South Asia	World Economic Forum	USA
Navdeep	Community Manager, India and South Asia Team	World Economic Forum	Switzerland

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