



**COLLECTIVE ACTION
TOOLKIT FOR COMBATTING
CORRUPTION IN CUSTOMS**
BY ETHICS AND REPUTATION SOCIETY OF TURKEY
AND BASEL INSTITUTE ON GOVERNANCE

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INTRODUCTION

International anti-corruption conventions such as UN Convention Against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions have presaged amendments to legislation and the creation of national laws as well as a wide variety of voluntary initiatives, all of which aim to combat bribery. Although most attention to date has focused on government enforcement of these laws and the measures taken by companies to improve their internal compliance systems and controls, important developments also are occurring which envisage the active involvement of the private sector in a third area, commonly referred to as “Collective Action.”

Anti-corruption Collective Action is a collaborative and sustained process of cooperation, often involving voluntary coalitions of companies, government bodies and civil society, it can increase the impact and credibility of individual action, provide an opportunity to bring vulnerable participants into an alliance of like-minded organizations and also help to level the playing field between competitors. Anti-corruption Collective Action can range from integrity pacts in public procurement to codes of conduct and public policy initiatives, in its various forms it can complement and strengthen limited local laws and weak enforcement of anti-corruption regulations.

Although a significant number of tools for Collective Action are now available¹, and continue to evolve, this “Collective Action Toolkit for Combating Bribery and Corruption in Customs” is one of the first sector specific toolkits.

Why a Toolkit?

This toolkit provides a starting point for all parties interested in bringing together the various stakeholders associated with customs clearance procedures, and to support the development of a practical set of activities and documentation that will reduce the risks of the supply and demand sides of bribery to which customs brokers may be subject.

¹ See the B20 Collective Action Hub for examples at www.collective-action.com

A toolkit is not a set of rules, it must be approached flexibly; it may not suit every situation or supply a solution for every jurisdiction, but can be useful as a guide and provide a basis for discussion and be adapted to local needs accordingly.

Who should use this Toolkit?

The target audience for this toolkit is government authorities (Customs administrations), customs brokers and their customers, and civil society.

The aim of the toolkit is to present the elements of anti-corruption Collective Action as they apply to a diverse group of participants with customs brokers in center-stage because they are inserted between government authorities and the private sector; but all of whom have a common goal: to create a level playing field for customs brokers operating in the same jurisdiction and on the basis of fair competition, in an environment in which bribes will not be solicited or paid, and all stakeholders operate according to the law.

BUSINESS BRIBERY

In the context of bribery involving customs officials, bribery can be defined as follows:

Bribery is the intentional offer, promise or act of giving money, goods or any other undue advantage, whether directly or indirectly by any person, to a government official or for a third party, in order that the official act or refrain from acting in relation to the performance of his/her official duties, in order to obtain or retain business or to gain any other improper advantage.

In an environment where bribery is tolerated and accepted as an inevitable feature of the cultural context in which to conduct business it will always facilitate and perpetuate unfairness and inequalities. Over the long term this will have deleterious social and economic consequences in the countries where it is perpetrated, as numerous studies over the years have demonstrated.²

² Association of Chartered Certified Accountants (ACCA) Combating bribery in the SME Sector, 2013

Global anti-corruption surveys suggest that bribery and corruption in the business sector continues to be widespread.³ Evidence from a 2013 survey⁴ suggests that companies exaggerate their financial performance in some countries, in that sales or cost figures had been manipulated: this might involve reporting results early to meet financial targets, under-reporting of costs to meet budget targets and requiring customers to buy unnecessary stock to meet sales targets. In that same survey, nearly half of respondents thought that resorting to bribery and corruption was acceptable as a means of surviving an economic downturn.

Whatever the direct cause of corrupt behaviour, and whatever the sector involved, the effect of bribery and corruption is to damage confidence in the integrity of the business sector and to harm the interests of those who are not party to the corrupt practices.

COLLECTIVE ACTION

Anti-corruption Collective Action is recognized as a means to address systemic and entrenched forms of corruption.⁵ It has long been acknowledged that there is no single solution to corruption and multi-dimensional approaches are needed: Everyone in society has a part to play, and there is an imperative and responsibility for all to contribute. Collective Action is not a comprehensive solution but it can contribute to practical change if it is developed through consensus and with a will to implement the agreements entered into.

All stakeholders can be part of the corruption problem and they can equally be part of the solution; it is important to avoid a culture of blame: Collective Action works best in a spirit of seeking to identify remedies and not as a forum for recriminations on past behaviours.

3 KPMG, Global profiles of the fraudster White-collar crime – present and future, 2103, <https://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/global-profiles-of-the-fraudster/Documents/global-profiles-of-the-fraudster-v2.pdf>

4 E&Y, 12th Global Fraud Survey, Growing Beyond: a place for integrity, <http://www.ey.com/GL/en/Services/Assurance/Fraud-Investigation---Dispute-Services/Global-Fraud-Survey---a-place-for-integrity>

5 See ANNEX 1 for descriptions of different types of Collective Action.

THE BUSINESS CASE FOR COLLECTIVE ACTION

Many companies have embraced the implications of new anti-corruption laws and regulations that have swept across the world in the last decade or so; they acknowledge that clean business is good business, and live up to this by rejecting bribery, in some cases even going so far as to disengage from a market or business sector if the corruption risks cannot be adequately mitigated. Taking such a step is not something undertaken lightly by any company, and in highly competitive business environments it can sometimes be extremely difficult to opt out of a market entirely.

Companies Facing the “Prisoner’s Dilemma”

In countries where corruption is systemic or entrenched and contracts between the private and public sectors involve government or government entities, the legal and reputational risks for companies can be very high. Where this is the case, an oft quoted example that describes this situation from an economic perspective is the 'prisoner's dilemma'.

The 'prisoner's dilemma' has been used to explain how companies react to bribe solicitation where all have an incentive not to pay, particularly if they are subject to anti-corruption laws that are enforced in their home country. At the same time, companies fear the loss of business if they fail to pay bribes, and risk becoming uncompetitive in emerging markets. Companies that refuse to pay bribes and opt out, risk being denied the opportunity of obtaining the business. The best outcomes to such dilemmas and the unfairness associated with free riders are subjects of analysis and discussion by economists and social scientists.

Collective Action Provides a Way Out of the Dilemma

For companies seeking a practical solution, Collective Action may provide a means to redress the risks for companies and improve the wider business environment. Engaging with competitors, local authorities, government agencies and civil society stakeholders to confront bribery risks that are common to market participants can be an efficient way to reduce corruption.

Companies conduct internal corruption risk assessments which may include

assessing factors such as: Country corruption risk and any government related business and interactions with public officials, industry sector, market and transaction risks, business opportunities and the risks arising from third party relationships. Local market knowledge enables companies to identify the opportunities for bribe solicitation, and whether it affects only the specific sector, or is a wider phenomenon cutting across several, or even all, industries. Such knowledge should be used to seek out opportunities to develop effective coalitions and alliances to tackle bribery risks.

CORRUPTION AND CUSTOMS

Corruption Risks and Customs Brokers

The clearing of goods through customs is a critical element in international trade. Irrespective of the value of the goods or the size of the shipment, or whether they are being imported or exported, it is likely that customs brokers will be sub-contracted to interact with the Customs administration. The customs broker may be working for the exporter, importer, or both, or neither of them if the customer is their own agent in another country. Customs brokers are retained to clear goods as quickly and efficiently as possible and are the key link between Customs authorities and private companies. The customs broker has dual a responsibility to clear the goods according to the customer's instructions and to make sure that the clearance through customs is in accordance with local laws and regulations.

If customs clearance is delayed or the goods are held for inspection or other controls relating to the documentation or goods themselves, or the payment of additional taxes or duties is required, it will be the customs broker who will be under pressure from the importer or exporter to get the goods on the move again, because delays in shipment and delivery can be of critical significance for the customer.

The World Customs Organization (WCO) has recognized these factors and the related bribery risks:

“The risk of corruption within Customs administrations is prevalent due to the very nature of Customs work, which is directly linked to money, goods and people.

Corruption in Customs has negative consequences such as loss of revenue, waste of

resources, and a reduction in social trust and also presents security challenges. Such security challenges can be purely related to physical security but also to health and economic security.”

In its work to address corruption in Customs administrations the WCO has noted that:

“Most Customs administrations have attempted to address corruption but, by and large, related initiatives appear not to have given the expected results for a range of reasons. One of the reasons is that anti-corruption projects have not been envisaged holistically and bad practices have remained.”

It is of course not the case that all public officials working in Customs administrations are corrupt or demanding bribes, just as not all customs brokers are paying bribes or engaging in other criminal activities, and similarly not all customers are turning a blind eye to bribe paying or even engaging in bribery through their customs brokers. It is, however, a real risk in many jurisdictions around the world that demands for improper payments will be made of the customs brokers, and that long established practices and routine small transactions might be the norm in many instances. In virtually all cases however, such payments whether they are ‘facilitating’ the expeditious clearing of goods, or are larger sums of money or in-kind payments, they are invariably illegal in the countries where they are being paid. And, for many companies that are subject to laws passed under the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the companies themselves may be liable for such bribes in the countries where they are headquartered or in other jurisdictions where they have links even if they are far away from where the bribery is taking place.

It is therefore in the interests of all stakeholders; Customs administrations, customs brokers, private customers and civil society, for them to join forces and engage in concerted efforts to address the risks of bribery and by working together, identify best practices, develop standards of integrity that are commensurate with national and international standards and communicate effectively with customers and all stakeholders that corruption is no longer tolerated.

THE ANTI-CORRUPTION COLLECTIVE ACTION TOOLKIT

Forming a Stakeholder Group

Selecting and approaching the potential stakeholders is the first challenge: Getting the right organizations on board, with the appropriate level of representation (sufficiently senior but also not so elevated that the person has neither the capacity nor the time to attend meetings, let alone engage in the work needed), the number of participating organizations and their representatives can also play a part in the efficiency of the Collective Action when it comes to discussions and drafting of documents. Too many organizations and entourage can create delays, which are sometime exploited by those who are perhaps less supportive of the Collective Action in the first place.

Striking the right balance in terms of stakeholders therefore requires identifying key players: These could be major players in terms of market share or geographical presence, or associations representing customs brokers or customer industry sectors; importers or exporters of goods; Customs administration personnel; civil society active in the topic; and so on. To achieve an effective approach, the aim should be to create a group that is sufficiently senior so that the person attending can speak for- and represent, the organization in the Collective Action. Large retinues should not be permitted, for the sake of efficiency every meeting of stakeholders should be treated as a working session, unless it is a ceremonial occasion.

Who should take the initiative to establish the stakeholder group?

Establishing the stakeholder group can be initiated by any potential member of the stakeholder group: It could be that the customs brokers association may be best placed to do this, but equally the government may have the convening power, and would be able to compel the private sector to join it in the proposed discussions. In the Turkish customs broker initiative it was civil society that was the driving force at the outset. The capacity for civil society to drive the process when government action is needed may present challenges, and may even be blocked at times. Clearly the cooperation of the government authorities is likely to be important for the success of the initiative, therefore their active support can be critical. In this regard, discussions

between the stakeholders may need to be frank and consider the broader issues of compensation levels of customs officials, if incomes are so low that facilitation payments are used to supplement salaries, this will need to be addressed as part of the Collective Action.

It may not be possible to get all the desired participants together from the outset, this may not be fatal to the effort, but obviously the Customs administration, representation from the customs brokers and a neutral third party such as a civil society organization would be the minimum participants for the Collective Action to start work.

Stakeholder Meetings

To ensure that anti-competition issues do not arise, and also to facilitate open and fair debate it is advisable for a neutral third party to convene the stakeholder meetings. The convener should be accepted and respected by all parties, as it will be the main task of the convener to act as chair in the meetings and engender the trust needed for the Collective Action to thrive. The neutral third party (such as a mediator from civil society), will also be responsible for ensuring the participants are suitably advised about anti-trust risks and how the meetings will therefore be conducted; confidentiality of the proceedings; setting the meeting agenda; taking minutes, and acting as the repository for documentation; undertaking drafting tasks as directed by the stakeholder group; liaising bilaterally with the various parties between meetings, and generally functioning as a secretariat.

The frequency of meeting should be such that a momentum is created with milestones and agreed outputs along the way, and with sufficient time for adequate consultations to take place as may be necessary by the participants. At the same time the stakeholder group should work with a degree of urgency otherwise the goals can become remote and discussions can become side-tracked. A firm chairperson is therefore needed to keep the stakeholder group focused on the big picture whilst ensuring that the drafting of documents progresses at a suitable pace for all.

Building Trust Within the Stakeholder Group

Throughout the process, but particularly at the first few meetings, the aim must be to

build trust between the stakeholders, some of whom may be very wary of discussing the risks of corruption or improper payments and activities in the presence of government officials. In-person meetings are essential at the outset, phone conference or virtual meetings may also be used but there is no substitute for personal interaction.

Exchanges in the meetings should be confidential, no media presence and no reporting to the media of any of the discussions whilst the Collective Action is engaging in the details of its work. It may even be necessary to commence the process without the presence of the Customs administration, with the aim of bringing them into the discussions at the earliest appropriate moment. The reason for such an approach would be to enable concerns to be aired openly and for the practices that are under scrutiny to be examined more openly than might be possible in the presence of government representatives. Developing separate groups and then bringing them together will present certain challenges for the facilitator and should be undertaken in close cooperation with all parties so that the process continues to move forward once the groups are joined together.

In developing the working methods of the stakeholder group consideration should also be given to the issue of how to develop typologies that identify the corruption risks in the processes and procedures at customs and where customs brokers are vulnerable. If it is possible to gather data and examples in a suitably neutralised and anonymous form, this may enable the discussions between the stakeholders to be based on reality. For this exercise, the private sector companies who are the customers of the customs brokers are indispensable, but creating a 'safe-harbour' for them to share data will be critical. Creative solutions to issues such as inadequate remuneration levels of government officials may also be needed.

Developing Common Goals

The stakeholder group - including the Customs administration, will need to focus on developing pragmatic approaches that will enable customs brokers to address the solicitation of bribes. At the same time whilst it will be essential for customs brokers to increase their understanding of how to implement anti-corruption standards, consideration must also be given to the size of the broker: Most will likely be relatively

small operations, with correspondingly limited resources. The active support of the customers of the customs brokers will be important in this regard: the customer can help formulate the goals, and may also be in a position to lend practical advice on how to implement an anti-corruption programme even within a small firm of brokers, in other words the customer can operate as the 'carrot and control system' that can motivate the customs broker and reassure itself that its third party is adopting and implementing anti-corruption standards and practices.

Maintaining Momentum

The stakeholder group will likely engage in developing high-level principles, or an agreement or memorandum of understanding in the first round of outputs, which will form the basis for further actions. Thereafter the level of detail to make such documents operational and to support their implementation may need an on-going level of support and commitment: Collective Action does not end once agreements have been drafted and issued; the hard part is bringing them to life in the contexts for which they are intended.

The stamina of the convener and the participants will need to be encouraged from time to time, and this may be achieved by going public with success stories and the accomplishment of milestones. Communication strategies will need to be agreed by all stakeholders and coordinated professionally so that no party is left exposed by announcements. On the other hand, positive media attention can reward the stakeholders with increased levels of trust, credibility and increased business opportunities for customs brokers.

Implementation and Monitoring

Once the stakeholder group has been given sufficient time to implement the agreed standards and procedures, it may be appropriate for the stakeholder group to agree on methods to verify implementation. This step will give the strongest signals to the market that changes have been undertaken in a serious manner, and that participants to the Collective Action will be held to their commitments.

Establishing controls and monitoring will need to be worked out by the participants in such a way that remediation of problem areas is permitted and with reporting of

issues in a confidential environment (with anonymous reporting an option), with no retaliation towards reporters who act in good faith. Existing internal and external controls and powers of investigation will also need to be respected, so whilst the verification of the agreements made under a Collective Action are important, so too is the maintenance of the independence and integrity of the organizations that have committed to abide by the standards.

THE TURKISH COLLECTIVE ACTION ON FIGHTING CORRUPTION IN CUSTOMS

Civil society in the form of the Ethics and Reputation Society (TEID), was the initiator of the Turkish Collective Action.

TEID was established in Istanbul in May 2010 with its declared mission to make business ethics the basis of companies' written corporate culture in Turkey. It also aims to act as a reference center in integrity risk management in Turkey.

TEID currently has more than 120 corporate members, whose total revenues exceed 13% of Turkish GDP and who collectively employ approximately 230,000 people.

In order to initiate this Collective Action, TEID worked in partnership with customs brokers through their associations in five cities in Turkey (Ankara, Bursa, Istanbul, Izmir and Mersin). After forming an organizing committee, the initiative was chaired by TEID, which started by convening a series of half-day meetings in the five cities with about 10-15 people participating in each session. These sessions took place on a monthly basis over about four months and were structured as workshops in which values, risks and restrictions were addressed. The groups themselves identified all the problems that were then encapsulated in the draft outputs of the workshops, and circulated amongst the all the workshop discussants after each session.

Representatives from the Customs administration were not present in these workshops, and neither were the customers of customs brokers invited. Also not represented at the table were the approximately 1,300 very small customs broker firms that employ 'Runners' who are paid low wages because it is known and accepted that their income will be supplemented by improper payments. The fact is that the job runners are the ones handling the paperwork and assisting the physical customs control procedures of the goods. They receive the lowest salary, they

usually have no knowledge and concern about combating corruption but they are the ones facing corrupt demands on a daily basis.

The key players however, were present at these workshops; this was important because these customs brokers represented the largest volumes of business, and were also seen as setting good examples because they had implemented compliance standards over the last ten years, and so could provide leadership in the discussions.

Although the customs brokers associations were able to identify problems that needed to be addressed, they also lacked trust towards each other and were reluctant to believe that competitors were sincere about anti-corruption. Creating trust within the group was therefore not an easy process though it was helped by the presence of the example setters.

The overall aim of the Collective Action initiative is to combat corruption and integrity related barriers in customs operations with a holistic approach, through the partnership of civil society together with both the public and private sectors. The first written output of the organizing committee was the Declaration of Integrity or Code of Ethics for Customs Brokers, (Annex), and once that had been drafted (after only three meetings), the committee was dissolved.

The Code of Ethics formed the basis for the initiative to be unveiled in 2013, with some 250 Turkish customs brokers representing about 8% of all brokers and handling about 67% of customs clearance in the five cities, signing up to it. The Code of Ethics covers three risk areas:

- Fulfilling obligations towards customers, which involves addressing the relationship between customs brokers and the customer in order to improve the management of integrity risks on behalf of the customer;
- Ensuring the safety of the goods being cleared (legal obligation), and
- Improving the working relationship between the Customs officials and the brokers

Committing to Observe Fair Competition as a Principle

Having signed the “Code” the customs brokers were given one year to implement a compliance programme to address bribery risks, after which time they were supposed to use the “Ethical Broker Logo” that would identify them as a broker that is capable of managing the identified risks. The use of the logo should be a competitive advantage for the customs broker as it symbolizes that its bearer had signed the “Code” and has a certain maturity in managing integrity risks. However, the same logo comes with a risk too: The broker who loses the right to use the “Ethical Broker Logo” will have to explain this to its customers. This invites the “desired” customer into the initiative both as a reward for being ethical, and also as a control mechanism too.

Another benefit of the use of the logo is that it brings an additional layer of control over the brokers and makes it easier for the customer to follow its broker’s compliance with high standards in combating corruption.

How May the Customs Authority Contribute?

The “Ethical Broker Logo” indicates that integrity risks are being managed, not having the logo signals that the non-signatory brokers are capable of finding their way around the customs and are possibly faster in clearing goods. In this situation the government has to work with the customs brokers associations or the oversight committee responsible of the governance of the Collective Action to encourage all customs brokers to manage their integrity risks. The private sector can also play a positive role here in requiring their brokers to display the logo and implement anti-corruption standards and procedures. Non-signatory brokers or companies must be subject to higher levels of security controls so that their ability to render faster services because they are not bound by the ethical standards of doing business according to the terms agreed under the Collective Action, is limited and ultimately curtailed. Behaving unethically should be to their disadvantage, not advantage.

Governance of the Collective Action

In order to carry out the next phase of the implementation of the Collective Action, the organizing committee developed the concept of an “Ethics Committee” for the

customs brokers with a Regulation defining the roles and responsibilities of the board of directors who are tasked with investigating breaches of the Code or failures by brokers to implement it adequately. The Regulation foresees seven full members and three substitute members chosen from the members of the association by the Executive Board to make up the Committee and allows for the possibility of external members such as an academic or lawyer.

Reports to be investigated may be made by anonymous e-mail and there is an obligation for the Committee to meet within 15 days of receiving a report. The Regulation also outlines a method for the investigators to follow and how they should handle the findings once the investigation is concluded.

“A Joint Committee for Combating Corruption in Customs” was planned to be established by the respective Ethics Committees of the “Customs Brokers” and the “Ministry of Customs and Trade”.

Corruption in customs is often a deeply rooted problem where the market participants may find it easier to blame each other or avoid raising the issues, rather than coming together to find common ground and joint efforts to combat corruption. The diverse range in size of the private customs brokers can contribute to the difficulty of bringing together the whole sector. In many cases family businesses with a small number of employees can present a fragmented sector that can be difficult to compel to join a Collective Action. Concerted and sustained efforts are therefore needed to bring together the public and private sector sides to act as partners in solving problems. Collective Action can lead to greater cohesion when the private sector is more organized, rendering it with much greater power of representation.

It should also not be overlooked that the government needs a well organized, regulated and governed working atmosphere to partner-up with the private sector in bringing solutions to problems that affect both sides.

Another aim in forming the Ethics Committee was for the respective bodies to be the escalation points for allegations of breaches of the Code committed by the brokers and the Customs officers, and for the Joint Committee to receive the decisions of the respective Boards and to adjudicate on them accordingly. These responsibilities have

been identified but the partners to the Collective Action still need to take the next steps to see them realised and implemented.

FREQUENTLY ASKED QUESTIONS ON COLLECTIVE ACTION TO COMBAT CORRUPTION IN CUSTOMS

Q – How do we know Collective Action is the best way to mitigate the risk of bribery in customs?

Collective Action is just one method to address the risk of bribery in customs and should be used to complement anti-corruption policies and procedures implemented by companies. In addition, a variety of approaches are needed, including law enforcement such as prosecuting those who give and receive bribes. However, prevention is very important and Collective Action can help change cultural behaviours that have been long-standing and entrenched or when corruption is a major risk for business, for example due to high-risk transactions such as in customs. The success of Collective Action requires a certain existing infrastructure both in regulations and in the ability of integrity risk management of the stakeholders to the initiative. If the companies taking part in the Collective Action have no basic understanding of anti-corruption risks or a compliance program it would likely take much longer for the Collective Action to reach a successful outcome because the participants would have to work to implement internal standards as well as committing to addressing the wider issues. On the other hand, the fact that stakeholders are willing to get together even if they have diverse approaches or are at different stages of development with regard to their internal compliance programmes, should not be a reason not to enter into a Collective Action: Where there is willingness to work together then a great deal can be accomplished.

Q - Who can (should) implement anti-corruption Collective Action?

In theory any single company can call for a Collective Action. However, efficiency in the facilitation of the workshops, management of the process, governance of the initiative and the communication play an undeniable role in the success of a Collective Action. Ideally an NGO with enough knowledge on both forming a Collective Action, the business dynamics of customs operations, the regulatory

background and corruption would be the best equipped to facilitate the negotiations as an independent neutral third party and to oversee the implementation of the Collective Action on combating corruption in customs.

Q - What difference does it make to have an independent third party such as an NGO as part of the Collective Action?

Some NGOs have specialised know how in initiating, facilitating and leading anti-corruption Collective Action. The anti-trust risks between competitors can thereby be neutralised and can pave the way for open discussions on compliance related issues. As customs operations are sometimes complex or require specialised knowledge, it may be useful to have an NGO experienced in customs operations as part of the Collective Action or partnering with the NGO convening the initiative.

Q - Which type of Collective Action is appropriate?

A project-based initiative, such as an Integrity Pact, is the preferred approach for large public sector projects. It requires the involvement of an independent third party and the end client. An Integrity Pact can be a long-term initiative based on the cooperation of industry peers that ensures common compliance standards between competitors. Other long-term initiatives, in particular principle-based ones, are particularly suited for difficult or multi-cultural environments. Therefore, a well designed, principle based Collective Action using tools like integrity pacts for appropriate single projects would be the best choice for an industry-wide Collective Action. The choice of tools, pacts and other forms of agreement would all be matters for the stakeholder group to consider and agree upon, and preferably by consensus. Sometimes stakeholders agree to take a step-by-step approach, starting with a memorandum of understanding as a framework agreement and then entering into more detailed agreements in the form of contracts, or Integrity Pact, depending on the focus and subject matter.

Q - How can we sustain the Collective Action?

When it comes to sustainability, a Collective Action is no different to a large scale project. It needs to be well planned, managed, communicated, reported, budgeted and it needs to be executed by competent people. It is important for the initiative to

have a clear timeline as well as explicit milestones and deliverables, all of which need to be negotiated by the stakeholder group in the early meetings, taking enough time to bring all stakeholders along with the process. In addition, the concrete organization of the initiative, including physical representation, needs to be defined at an early stage.

Q - What kind of evidence is required to trigger sanctions against a signatory to a sectorial code or a participant to a Collective Action?

The answer to this particular question should be debated by the stakeholder group and established in a formal document such as by-laws or other document that clearly structures the governance of the initiative, defines the authorities of any bodies that are established by the group, and sets the investigation standards as well as by whom those investigations are to be carried out. In the early stages of the Collective Action it may be preferable to focus on the positive: What can be achieved to prevent bribery rather than the punitive measures to be meted out to members, as this could be off-putting to the potential members at the outset. However, in the long term some form of sanctioning for non-implementation or breaching of the agreed standards may be appropriate and should be considered.

Q - How can I convince my competitor to participate in Collective Action?

A Collective Action is most powerful when all relevant players of an industry participate in it. However, even if some competitors refuse to support the initiative, this should not deter the efforts of the stakeholder group; industry peers still have an incentive to set a good example by defining clear rules of behaviour and identifying abusive practices for an entire industry. To convince a competitor to participate in Collective Action, it is essential to outline the resulting advantages, such as a cost reduction potential, better management of integrity risks, clear business angle of being ethical, better management of reputation risks. In addition, the fight against corruption is simultaneously a fight against poverty, as there is a significant correlation between poverty and corruption. Therefore, especially for sectors affected by the wealth and international commerce like customs clearance, ethical business will always mean good business. Going public at some point once the stakeholder group considers the time is right can also be used to great effect to communicate the

message to all in the industry and to generate a positive response even from those who may have been reluctant at the outset.

Q - In some countries, NGOs are prohibited or their setup does not enable them to become involved in Collective Action. Who else could be approached?

There is no single way of initiating Collective Action. Depending on the local conditions, one solution may be to persuade a business association (such as a chamber of commerce or trade association) or a government office to become the third party that hosts the initiative. Although this may not seem to be the best way, if well governed and monitored, a solution weak as it may seem, is always better than no solution.

Q - How can I avoid anti-trust issues during Collective Action?

To prevent anti-trust issues, it is highly advisable to involve an independent third party and/or legal counsels in any communication with competitors. Competitors should never approach each other directly. It may also be advisable to inform the local competition board (depending on the powers and scope of operations of such an entity where it exists), of the upcoming meetings among competitors, give the board a list of participants, the agenda of the meeting and (in some circumstances), consider inviting their official observer to the meetings.

Q - How can I convince my sales force to participate in Collective Action?

On the one hand, Collective Action can help its participants to win additional business if it is launched in an appropriate environment. Additionally, experience with Collective Action up to now indicates that Collective Action introduces no additional burden to the sales team. If a sales team is not happy with Collective Action, this usually points to weak execution of internal policies like entertainment or donations or gift giving and receiving. If your internal compliance program sets the rules of ethical marketing and sales, a Collective Action should always enable business and not hinder it.

Q - What do I do if my customer is not happy that I participate in a Collective Action?

If a customer does not respond to a customs broker's initiative to take part in a collective action in combating corruption, the solution might be to approach the customer via a third party, such as an NGO. If your customer is also a law abiding, ethical company, they may have questions that need to be addressed by experienced parties. However, if your customer has the hope that someday, if needs be, you will be ready to bend some rules for them to clear goods otherwise not easily clearable, you may think of thanking them for their business in the past and move forward. Making a one-time mistake to keep one customer may have much higher costs that you can ever imagine for your own business.

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ANNEXES

- Annex 1: Types of Collective Action
- Annex 2: G20 / B20 and Customs
- Annex 3: Ethical Standards for Customs Brokers
- Annex 4: By-laws for Ethics Boards of Customs Brokers Association
- Annex 5: Tips for Companies in Establishing Their Compliance Programmes
- Annex 6: Elements of a Minimal Cost Compliance Programme
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ANNEX 1 - TYPES OF COOLECTIVE ACTION⁶

In 2008 the World Bank Institute (WBI) published *Fighting Corruption through Collective Action: A Guide for Business* to help companies organize initiatives to meet competitive, economic and ethical challenges posed by corruption. The guide defines Collective Action as “a collaborative and sustained process of cooperation among stakeholders ... [that] increases the impact and credibility of individual action, brings vulnerable individual players into an alliance of like-minded organizations and levels the playing field between competitors.” The guide continues, stating, “Collective Action can complement or temporarily substitute for and strengthen weak local laws and anti- corruption practices.” The guide provides a typology of various forms of Collective Action, identifying four categories and their most significant characteristics. A number of the initiatives mentioned below do not fit clearly into the WBI framework. Therefore, this publication also discusses other frameworks and typologies and sometimes refers to terminology not included in the WBI model.

The WBI identifies four major types of Collective Action:

- Anti-Corruption declarations.
- Principle-based initiatives.
- Certifying business coalitions.
- Integrity pacts.

The WBI classifies Collective Action projects on the basis of two core criteria: timeframe and commitment level. Short-term initiatives involve commitments that are limited in time, often to the duration of an individual project or transaction (or a series of them). Long-term initiatives, on the other hand, involve permanent commitments or commitments for extended periods of time.

While commitment levels vary across Collective Action initiatives, they are a characteristic that is particularly useful for differentiating between initiatives. This

⁶ Adopted directly from United Nations Global Compact, *A Practical Guide for Collective Action Against Corruption*, 2015

variable divides initiatives into two groups:

those that agree to external enforcement and, thereby, express a high-level of commitment, and

those that agree only to low-level commitments.

On one end of this spectrum, high-level commitments involve contractual agreements to ethical practices subject to third-party audits and agreed sanctions or penalties. On the other end, low-level initiatives involve only aspirational commitments that lack enforcement mechanisms. Regardless of these differences, companies are subject to pressure from peers, the public and other stakeholders to keep ethical commitments and take account of reputational risks. Therefore, even aspirational agreements can create significant pressure for companies to abide by agreed ethical guidelines.

Figure 1⁷



⁷ Adopted directly from United Nations Global Compact, A Practical Guide for Collective Action Against Corruption, 2015

Anti-Corruption Declarations

Anti-Corruption declarations are Collective Action initiatives in which participants make a public commitment to refrain from corruption during a specific project. These declarations imply a low level of commitment, as compliance is not enforced by an external monitoring mechanism. Also, they are typically limited in time to the duration of a particular project or transaction.

The main objectives of anti-corruption declarations are to prevent corruption in projects and transactions, and to initiate open discussions about corruption risks in past and present problems experienced specifically by individual firms and generally within the sector. Discussing these critical issues makes it possible to collectively set behaviour expectations for all individuals in the group.

The central idea is that corruption risks will be reduced as potential bribe-givers and bribe-takers realize that inappropriate behaviour can be subject to individual and collective scrutiny. These practices should be contrasted against the principles stated in the declaration to draw a clear, public line between what is acceptable and what is not. This public line is then crystallized in a signed statement that can be published and shared with sub-contractors and other actors in the company's value chain.

Principle Based Initiative

A principle-based Collective Action is a long-term initiative to promote appropriate business conduct within a certain country and/or sector, leveraging the voice of diverse stakeholders to effectively address the problem of corruption and join forces to push the government to implement anti- corruption laws.

Similar to anti-corruption declarations, principle-based initiatives lack mechanisms to enforce compliance with agreed ethical commitments. But, in contrast, they are typically long-term initiatives. They are formed for a variety of reasons. For instance, where companies are interested in collectively combating corruption but are uneasy with the concept because of limited trust in their competitors' behaviour or reluctance to accept formal monitoring of compliance, they may want to test the waters by first engaging in "soft-commitment" initiatives. Particularly high-risk environments or transactions may be too problematic for companies to agree on enforceable

standards, especially when there is a significant lack of trust between industry competitors.

Further, principle-based initiatives are ideal if the objectives of the Collective Action are focused on generalized change throughout the entire business environment affecting a particular industry sector or country. Sector-wide initiatives are typically issue-specific. For example, initiatives have been geared towards combating “facilitation payments” in the customs sector or “signing bonuses” in the oil and gas sector.

Collaboration in “soft-commitment initiatives” is also important because it gives participants an opportunity to publicly express their interest and willingness to commit to fair and transparent business practices. These initiatives serve as an excellent platform for companies to collaboratively discuss and evaluate their anti-corruption stances and to share insights and build trust. Through relationships and mutual trust built when companies collaborate in soft-commitment initiatives, companies often lay the foundations necessary for acceptance of enforcement mechanisms and future participation in “hard-commitment” Collective Action.

Certifying Business Coalitions

Similar to principles-based initiatives, certifying business coalitions are long-term engagements to promote ethical business standards in a specific industry or geographic area. These two types differ in that certifying business coalitions are monitored externally. Certifying business coalitions monitor and certify members’ compliance with the shared principles and commitments set forth in their Collective Action agreements.

This is the strongest type of Collective Action agreement, as it involves hard, enforceable commitments and formal monitoring and enforcement structures, details of which are made public. Certifying coalitions constitute a strong signal to the public that their membership takes anti-corruption measures seriously. As a result, they contribute to increased trust in and compliance with agreed anti-corruption policies. In the WBI model, external auditing may be performed by any trusted third party, such as an academic advisor, an independent accounting or auditing firm, or a civil society

organization. Because auditing involves evaluating the degree of success in implementing agreed norms and measuring compliance, objectives and norms must be clearly defined in the agreement.

The agreements set out the procedures under which audits are to be conducted.

Upon a successful audit, the subject company will be awarded certification, and the coalition will proceed to publish it. A coalition certification, which is sometimes represented by a trade label, is often promoted among government clients and private-sector customers to obtain benefits for certified companies (e.g. simplified procedures to become approved suppliers). If a member company refuses to be audited or does not meet the agreed standards, it is subject to exclusion and, in some cases, to public disclosure of the sanction. Needless to say, public disclosure of exclusion can represent a significant reputation risk for members of certifying coalitions. Conversely, a company's agreement to subject itself to such severe provisions clearly demonstrates its commitment to anti-corruption efforts and ethical business practices.

Integrity Pacts

Integrity pacts focus on procurement and contracting processes. They are based on formal contracts and establish mutual rights and obligations between a customer (generally, a government entity or a large company) and companies that bid on supply and service contracts. Parties desiring to increase or secure transparency in contracting for goods and services can use or support the use of integrity pacts as a preventive measure for reducing corruption risks. To bring increased transparency to these projects, integrity pacts apply external monitoring. External monitors supervise bidding and implementation processes and apply sanctions when breaches of the integrity pact are discovered and duly demonstrated by the requisite level of proof. The Collective Action contract must be included in the tender documents before the tender is launched. All bidders and, ideally, all subcontractors must sign the contracts.

An Integrity Pact helps to level the playing field for companies that participate in a public or private tender by providing incentives to refrain from corrupt behaviour.

Incentives can entail bidding advantages and sanctions. Given that these incentives can be controversial and may discourage participation in public tenders, it is important to appoint expert external monitors (generally, renowned voices in their field). In addition to determining whether irregularities have occurred and applying sanctions, monitors are charged with supervising meetings, documenting all transactions, and reviewing contract performance. Sanctions can entail exclusion from tenders for a determined period, the payment of penalties, and/or disciplinary measures. In cases of serious infringements, the external monitor has the obligation to inform law enforcement bodies.

ANNEX 2 - G20 / B20 AND CUSTOMS

Security, safety, effectiveness and combating corruption have been on the agenda for both the B20 and the G20 for several years. While those issues were addressed in the communiqué of the G20 leaders after their Summit in Brisbane, Australia, it has been during the Turkish presidency in 2015, that a “Combating Corruption in Customs Work Stream” has been established under “B20 Anti-Corruption Taskforce”

The 2014 Communiqué emphasized "trade" as a powerful driver for economic growth, job creation and increased living standards, noting the importance of global supply chains linking developed and developing countries in manufacturing and trading in products. The Communiqué highlighted the importance of the World Trade Organization's Trade Facilitation Agreement with its focus on trade facilitation as a core component of any economic growth strategy to include "reforms to facilitate trade by lowering costs, streamlining customs procedures, reducing regulatory burdens and strengthening trade-enable services".

The G20 Leaders agreed to refocus their efforts against cross-border tax evasion and avoidance in order to ensure "the fairness of the international tax system and to secure countries' revenue bases", reconfirming the agreed timelines for automatic exchange of tax information between jurisdictions.

The G20 Leaders also endorsed the 2015-2016 G20 Anti-Corruption Action Plan, which mentioned Customs as a high risk sector that could potentially impede economic growth, trade, and development.

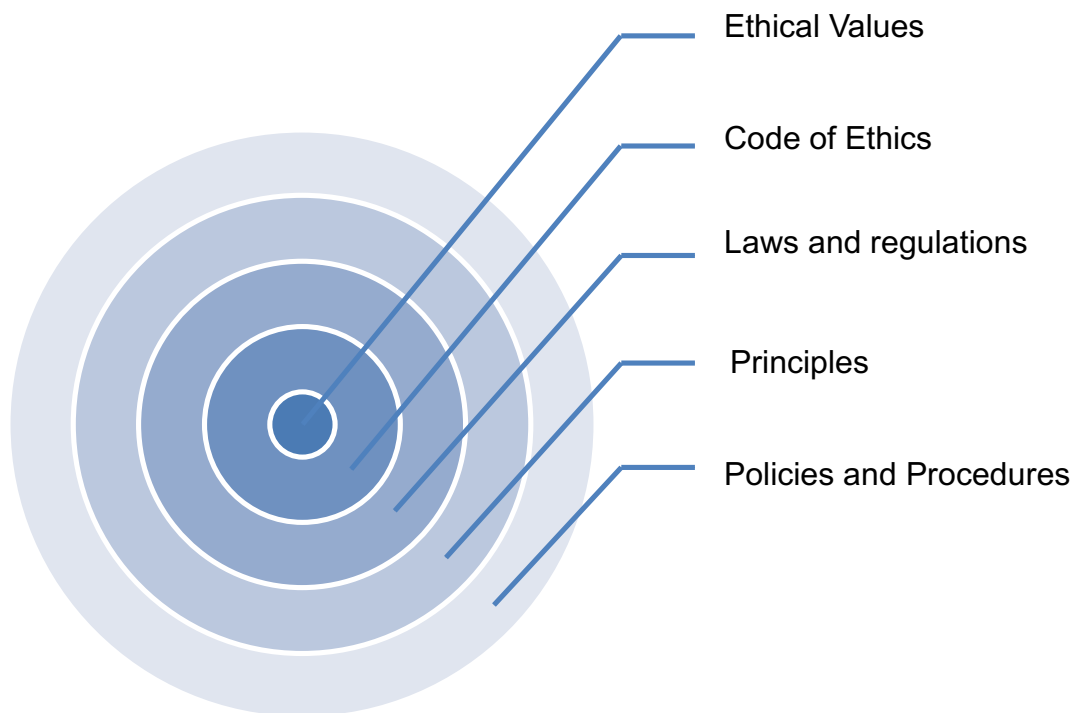
The World Customs Organization (WCO) has long been a vocal leader on promoting Integrity by all public and private sector actors at the border. Secretary General of World Customs Organization, Mr. Mikuriya, noted the innumerable efforts made by the WCO and its Member Customs administrations to mitigate corruption through instruments and tools such as the Revised Arusha Declaration and performance measurement contracts. He emphasized the importance of streamlining customs processes and providing automated clearance environments for all international trade stakeholders.

ANNEX 3 - CODE OF ETHICS FOR CUSTOMS BROKERS

We, the Customs Brokers...

- Observe, in our all business operations, all applicable national legislation, particularly the Constitution of the Republic of Turkey as well as all international agreements and regulations to which the Republic of Turkey is signatory.
- Adopt reliability, objectivity and independence as our guiding principles in our all business relations.
- Care for protection of commercial interest and legal rights of the business owners while we also consider protection of public interest as our priority responsibility and run our business with this in mind.
- Pay attention to make decisions in accordance with our responsibilities such as effective use of national resources and environmental awareness in application of our know-how.
- Pay due diligence to ensure that our statements and reports we release are realistic, and present relevant facts in an accurate, clear and timely manner.
- Adopt integrity and transparency as our top priority values in our all business processes and relations.
- Place emphasis on information security, do not share any information and trade secrets of our customers and do not tolerate sharing of such information by our employees.
- Show a maximum effort and great care to embed our code of ethics into our written corporate culture as an integral part of it.
- Equip our executives, managers and employees with the awareness, rules and practices that will keep them away from any conflicts of interest; and we prevent and supervise abuse of their current positions to pursue personal interests.
- Conduct representation activities (celebrations, hospitality, entertainment) in accordance with the rules set by laws, our charter and code of ethics. Never allow our employees to receive gifts that will affect their objective decisions and attitudes or present gifts for the same purpose.

- Treat equally towards any public organizations and institutions, administrative bodies, non-governmental organizations and political parties without expecting any benefits while carrying out our operations and processes.
- Never give way to and tolerate any kind of corruption in our businesses.
- Never get involved in unfair competition and always advocate for fair competition and consumers' rights, designing all our practices accordingly.
- Never engage in clandestine employment, always pay social security contributions and support fair employment.
- Engage in activities to support social unity and social awareness; act with our social responsibilities in mind and share this principle of social awareness with our entire business circle.
- Develop practices to ensure that all these principles, understanding and practices of our code of ethics are embedded in our sphere of influence including our business partners and suppliers.
- Avoid any behaviors that might harm our professional reputation.
- Respect the decisions adopted by the Ethics Committee of the profession.
- Do not make use of our previous titles other than our professional titles.



OUR VALUES

Our mission indicates our reason for being in the plainest way whereas our vision sets our goals. We are aware of the fact that reaching those goals is a journey, not a destination. Our values serve as our guides that inspire and direct us as well as draw the boundaries in which we conduct our business.

We conduct our business by recognizing the solution-oriented nature of our profession and the responsibilities brought by this fact. Through these solutions we clear the way for foreign trade, playing a significant role in development of the country.

The principles of effective and efficient use of national resources and objectivity are among the values that best describe our profession.

The principles of transparency, fairness, responsibility and accountability constitute the essence of our all decision-making mechanisms.

As regards to our profession as Customs Brokers, our principle is to avoid acting as an agent for such foreign trade transactions as import, export and transit of any defective, broken, flawed, faulty, imperfect, impaired, incomplete, excess, fraudulent, stolen goods, commodities, products and equipment and assist the authorities in combatting corruption.

We treat our customers, stakeholders, colleagues and employees in an open and honest manner.

Regarding the field of activity of our profession, we believe that exerting influence, making false complaints, notices, declarations and promises, sharing information for our interests, adjusting prices are unlawful and unethical behaviors.

We show responsibility and sensitivity in protection of the trade secrets, personal and confidential information of our clients whom we represent.

We share relevant information transparently with the business world. We place particular importance on accuracy of such information. We stand behind the information we communicate and provide correct guidance to the business world.

We take it as our goal to closely follow the developments in global economy and foreign trade, provide information and guidance to our clients and employees and give consultation to public organizations and bodies as well as relevant educational institutions about foreign trade and customs procedures; in order to contribute to the development of our national economy and foreign trade activities in our country.

We believe in constant development and improvement and constantly update ourselves and our knowledge.

We believe that business ethics is way more than refraining from illegal and unethical ways and its definition includes not only respect to current shareholders' rights but also by the use of natural resources effectively and in an environmentally conscious manner we respect to the rights of our future stakeholders.

The members of the Customs Brokers Associations declare their beliefs in the ethical principles of customs brokerage, which constitute the essence of the responsible business model. They reflect their voluntariness for complying with such principles, to their management structures and company policies; they also pay utmost attention to embed these principles into their written corporate culture.

ANNEX 4 – CUSTOMS BROKERS ASSOCIATION BYLAWS

(SECTION GOVERNING THE ETHICS COMMITTEE AFFAIRS)

SECTION I – Purpose, Scope, Foundation

1. Purpose and Scope

The purpose of these bylaws is to adopt the Ethics Standards and Code of Ethics for Customs Brokers, to determine the formation and operation principles of the ETHICS COMMITTEE that will advise the board of directors and that will be conducting the necessary investigations.

2. Foundation

These bylaws are prepared in accordance with the board decision no. of

SECTION II – Formation of Ethics Committee

3. Ethics Committee

- 3.1. Ethics Committee is comprised of five full members representing the 5 customs brokers associations of 5 cities, one academic, one lawyer, one highly respected non commercially active custom broker and three substitute members chosen from the members of the associations by the Executive Board. In case full members resign during the Committee's term or an ethics investigation is conducted about them, substitute members take their place in the committee.
- 3.2. The term of the ethics committee is limited to the term of the Executive Board, with which they were elected together by the General Assembly.
- 3.3. The executive board's full members cannot run or be nominated for ethics committee membership for the duration of their term.
- 3.4. Ethics committee membership isn't limited to one term. Any association member can be a member of the ethics committee more than once, provided that they possess the other qualifications.
- 3.5. In case the number of ethics committee members falls under the limit of quorum, the executive board will appoint the required number of members until the end of current term.

- 3.6. Ethics Committee convenes regularly and in ad-hoc basis. Any of the ethics committee members has the right to call the committee for an ad-hoc meeting.

SECTION III – Duty and Responsibilities of Ethics Committee

4. The duty and responsibilities of the Ethics Committee is to ensure that our code of ethics is internalized, applied and supervised across our organization and our operations.
5. Committee supports the Executive Board in investigations regarding possible violations and in developing the necessary corrective and preventive actions.
6. The remarks of Ethics Committee are not binding. The ethics committee is not a decision maker. Ethics committee presents an opinion to the Executive Board regarding the decisions to be made. (This clause is in accordance with the local regulation governing NGO membership affairs – NGO act No:5253 of Republic of Turkey)
7. Incidents predating the date when the "Code of Ethics" go into effect, are not under the authority and responsibility of Ethics Committee.
8. Ethics Committee ensures that the members follow our Code of Ethics and the Ethics Declaration they undersigned and that they take the necessary corrective and preventive actions in case of an ethics violation in their own businesses and activities.
9. If the Ethics Committee encounters a member's action that is damaging to the association's reputation, it investigates the issue and presents an action advice to the executive board.

SECTION IV – Organization of Ethics Committee

10. In the first meeting after its foundation, Ethics Committee elects a chair.
11. Secretary General of the Customs Brokers Association supports the Ethics Committee in their activities as Ethics Committee Secretary.
12. Committee convenes with two thirds majority and concludes on the agenda with majority.
13. In cases where a case is escalated to the committee or where the committee was called for an ad-hoc meeting, Ethics Committee convenes in the following 15 days.

SECTION V – Complaints o notifications to the Ethics Committee

14. The executive board of the customs brokers association, association members or third parties can escalate their concerns to the Ethics Committee freely.
15. Allegations are made by sending an e-mail to the Association’s Ethics Committee address ethics@xxxxxx.org or to the official mailing address of the association in a closed envelope with the note “To the attention of the Ethics Committee”.
16. Signed or not signed, all allegations, complaints, notifications or questions are being codified and filed with full confidentiality. The party escalating the claim shall be protected as per our “non-retaliation policy”

SECTION VI –Investigation Procedure

17. Ethics Committee firstly decides if the case at hand falls under the duty and responsibilities of the Ethics Committee.
18. If the Ethics Committee decides that the case doesn’t fall under its duty and responsibilities, it relays this decision to the reporter and records it in the Ethics Committee Record Book.
19. Should the Ethics Committee decide that the case of falls under the duty and responsibilities of the Ethics Committee, it plans and starts the investigation.
20. The Ethics Committee concludes the investigation within the earliest possible time.
21. The Ethics Committee member, who was reported to have violated our code of ethics principally or collaterally, cannot attend investigation or decision meetings.
22. The customs brokers association employees, governing/managing body members of the association, association members and member representatives obligated to provide any information and support requested by the Ethics Committee to ensure a fair, open and honest investigation.
23. The investigation report of the ethics committee will be presented at first regular Executive Board Meeting by the committee secretary. In case the violation is severe, the Ethics Committee chair may call the Executive Board to meeting.
24. The Ethics Committee presents their findings after the investigation along with their advices about corrective and preventive action to the Association’s Executive Board at the first Board Meeting and the necessary decisions are taken and followed up by the Executive Board. Interested parties are notified about this decision. The Ethics Committee and/or Board member, who were reported to have

violated our code of ethics principally or collaterally, cannot attend the meetings that the Ethics Committee will hold with the Executive Board in this context.

25. After its investigations, Ethics Committee may decide that it's not necessary to carry the particular topic to the Executive Board. Even if this is the case, the reports delivered to the Ethics Committee and the result of their investigation is added to the agenda of the first regular board meeting and the executive board is informed about all the files in the past month.
26. The Ethics Committee will include and preserve a file summary containing information about the investigation and the resulting advice decisions for each report.
27. The Ethics Committee respects the confidentiality requests of reporters or people who provided support during the investigations.

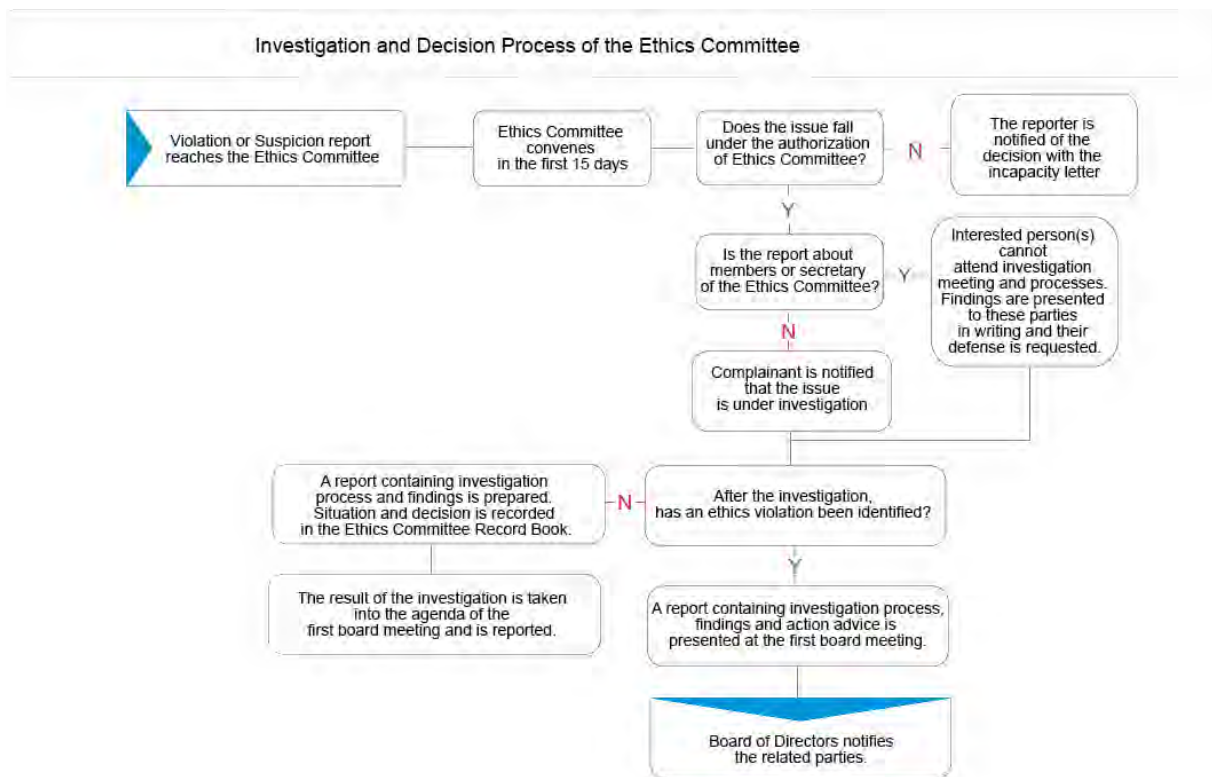
SECTION VII – Ethics Report Case Investigation Method

28. The Ethics Committee will use the following questions as the main criteria when evaluating an ethics violation or the suspicion of a violation:
 - What are the known facts about the situation? Are there proof and records of these facts?
 - Who are the parties directly and indirectly involved in the situation?
 - Does the resulting situation cause undue benefits for the party/parties?
 - Are there external dynamics that have caused the situation to occur?
 - What is the basic conduct that triggered, started, created the situation? Who initiated it?
 - What are the Code of Ethics articles related to the situation? What are their priority and importance order?
 - What should be the fairest solution, punishment or enforcement advice that ensures the protection of the Association's interests and the minimum damage to the parties? Are there alternative solution, punishment or enforcements? Are the enforcement advices legal and compliant with our Code of Ethics?
 - How badly can each alternative affect the interested parties and the Association's reputation?

- What can be the precaution, improvement and correction advice so that the situation will not occur in the future?
- What is the fastest and most effective action plan?

SECTION VIII – Auditing and Improving Code of Ethics

29. The Executive Board and the Ethics Committee will review and evaluate the Code of Ethics at least once a year to improve them.



ANNEX 5- TIPS FOR COMPANIES IN ESTABLISHING THEIR COMPLIANCE PROGRAMS

Basic Guidelines for Business Conduct

PRINCIPLES IN PERSONAL AND PROFESSIONAL RELATIONS

No laws or contracts can anticipate the possible vicissitudes of life. Very often an entrepreneur must make a decision based on the prompting of common sense and conscience. The key is to embody ethical and moral principles into personal and professional relations, and remember to:

- always do business within one's means;
- have respect for the partners and participants in a shared business venture;
- refrain from violence or the threat of violence as methods of achieving business success;
- resist crime and corruption, and do one's part to see that crime and corruption become unprofitable for everyone; and
- live up to the trust placed in you; trust is the foundation of entrepreneurship and a key to success;
- endeavor to earn a reputation for integrity, competency, and excellence.

Corporate Governance: Relationships with Shareholders

A trusting relationship between management and shareholders is critical. Investors and lenders must be satisfied with the manner in which shareholders oversee the performance of management and participate in key decisions.

Sound principles of corporate governance include the following:

- delineating in the company charter the respective roles and responsibilities of both management and shareholders;
- transparency of voting rules;
- respect for the rights of minority shareholders;

- open communications with shareholders through the provision of audited accounts, and information about the progress and operations of the company; and
- a well-functioning board of directors who have the skills, the time, and the access to information needed to discharge its responsibilities effectively. The board will act in a fiduciary capacity on behalf of all the shareholders.

Relationship with Employees

Enterprises have an important responsibility towards their employees. A number of basic principles typically guide the attitudes of successful enterprises toward their employees:

- due regard for labor laws;
- commitment to adequate standards of worker health and safety;
- non-discrimination in the recruitment, compensation, and promotion of employees;
- respect for the rights of workers to engage in union activity;
- effective systems for consultation with employees on employment conditions and other issues that affect the employees;
- clearly stated and transparent policies relating to compensation, benefits, promotions, and other employment conditions; and
- commitments by the enterprise for contributions to pension plans; and strict protection of the integrity of company-sponsored pension plans.

These principles do not limit the right of an enterprise to enforce discipline on its labor force or to terminate workers in accordance with applicable law.

Relationship with Other Enterprises

A relationship of mutual trust in which all parties benefit is the most significant aspect of relations between partners in joint ventures, contractual arrangements, or business relations with other enterprises. The reputation of a company is its most valuable asset. Once the reputation of an enterprise is tarnished, it is very difficult to gain trust with the same or other business relations. A number of basic principles

that typically promote mutual trust in business relations include:

- commitment to excellence in products and services;
- commitment to gain respect and trust in all business relations;
- respect for the sanctity of contracts and business relations;
- in case of a commercial dispute, a willingness to negotiate and compromise in order to reach an amicable solution; and
- respect for the sanctity of rule of law, including abiding in a timely manner with decisions of any court, arbitral panels, or other administrative bodies.

Relationship with Global Community

As a company is an integral part of the community in which it operates, a sound relationship with the community is essential. Caring for the environment is a responsibility of the enterprise towards the immediate community, but it also extends to all communities and areas whose environment may be affected by the enterprise's activities.

Enterprises must:

- be sensitive to concerns of the local population;
- communicate with the local population;
- abide by all applicable environmental laws and regulations; and
- show tolerance for people of other cultures, races, beliefs, and countries.

Relationship with Government Authorities

Well-managed enterprises are law abiding enterprises. To maintain a sound relationship with governmental authorities, enterprises must:

- pay all taxes that are owed and due;
- abide by all mandatory government and local regulations;
- obtain all governmental permits, licenses, and approvals required to do business;
- deal with government authorities on an arm's length basis, and make no at-

tempts to improperly influence governmental decisions;

- establish transparent procedures regarding transactions engaged in by enterprises with any government agency or official or in dealings with any enterprise owned or controlled by a government agency or official; and
- in transactions with any government agency or officials or with any enterprise owned or controlled by a government or government official, include appropriate provisions to ensure compliance with international or national codes against extortion and bribery.

Proper Checks and Balances

A proper system of checks and balances is necessary to ensure the ongoing integrity of the enterprise and of its relationship with its constituencies. Such a system must be based on the general principles of full disclosure, management accountability, separation of responsibility, and sound internal controls. An enterprise should have a full disclosure policy concerning:

- statements of the enterprise's strategic aims and policies, how these have been achieved in the past reporting period, and how the enterprise will act in the future;
- prompt reports to the enterprise's constituencies on events that could have a material effect on the enterprise; and
- prompt disclosure of all important relationships between officials of the enterprise and other parties.

The key element of a system of checks and balances is that the shareholders are able to monitor management's performance and to condemn poor performance, including through the removal of management.

Prevention of Extortion and Bribery

Principles concerning prevention of extortion and bribery are intended as a method of self-regulation by businesses. The voluntary acceptance of these principles by enterprises will not only promote high standards of integrity in business transactions, whether between enterprises and public bodies or between enterprises themselves,

but will also protect enterprises that are subject to attempts at extortion.

The business community objects to all forms of extortion and bribery. The highest priority should be directed to ending extortion and bribery involving

politicians and senior officials. Bribery and extortion threaten democratic institutions and cause grave economic distortions.

All enterprises should observe both the letter and spirit of the following rules:

- no one may, directly or indirectly, demand or accept a bribe;
- no enterprise may, directly or indirectly, offer or give a bribe, and any demands for such a bribe must be rejected;
- enterprises should take measures reasonably within their power to ensure that any payment made to any agent represents no more than an appropriate remuneration for legitimate services rendered by the agent; that no part of any such payment is passed on by the agent as a bribe or otherwise in contravention of these principles;
- all financial transactions must be properly, accurately, and fairly recorded in appropriate books of account available for inspection by the board of directors as well as by auditors. Enterprises must take all necessary measures to establish independent systems of auditing in order to bring to light any transactions that contravene these principles. The enterprise must then take appropriate corrective action;
- the board of directors of the enterprise should periodically review compliance with these principles, and take appropriate action against any director or employee who acts in a manner inconsistent with these principles; and
- contributions to political parties or to individual politicians may be made only in accordance with applicable law, and in accordance with all applicable requirements for public disclosure of such contributions.

Creation of a Culture that Fosters Sound Business Standards and Corporate Practices

Ultimately, for an enterprise to live by sound business standards and ethical

practices it must develop a culture that fosters such standards of integrity. This effort must be led by management and key shareholders. Steps that management and key shareholders may take to promote this positive attitude throughout the company include:

- the preparation and dissemination within the company of a code of conduct for employees;
- employee training;
- encourage proper conduct and sanctions against misconduct; and
- creation of an ethics office and ethics officers to advise and educate employees, and provide guarantees for confidential counseling.

ANNEX 6 - ELEMENTS OF A MINIMAL-COST COMPLIANCE PROGRAMME⁸

- Identify the risks your business faces and assess the danger they present
 - Think about areas of risk and which ones might or do affect your business.
 - Document the areas of risk that you think apply to you.
 - Make yourself aware of problems that comparable businesses have encountered.
- Adopt standards and procedures
 - Write a statement of your company's commitment to abiding by the law and doing the right thing.
 - Prepare a policy/code of conduct for your business (or formally adopt a pre-existing one).
 - Get endorsement of the policy/code of conduct from the highest authority within the business.
- Arrange for the policy/code of conduct to be managed by a suitable designated person and get commitment from the top of the business
 - Arrange for the person appointed to report regularly to the

⁸ Center for International Private Enterprise (CIPE), Anti Corruption Compliance, A Guide for Mid-Sized Companies in Emerging Markets, 2014

- directors/partners or equivalent on the operation of the programme.
- Ensure that the person appointed has the right of access to the senior person or governing body of the company.
- If your business has multiple locations, appoint someone suitable to assume responsibility for local implementation of the programme.
- Take care when recruiting and promoting individuals, especially to sensitive and responsible positions
 - Always check references and track records.
 - Consider their commitment to the agreed policy/code of conduct.
 - Do not give unfettered internal authority to local business units.
- Adopt systems to address the risk of dealing with third parties
 - Conduct due diligence on prospective agents, consultants and other business partners.
 - Check whether they have similar programmes themselves.
 - Include contractual clauses that indicate that you expect third parties to obey the law and act ethically.
- Communicate your policy/code of conduct to staff and anyone else who needs to be aware of it
 - Make it available in accessible format and refer to it regularly.
 - Make it clear that staff are expected to read it and understand how it applies to them.
 - At staff meetings, discuss a particular area of risk in the context of the policy/code of conduct.
- Adopt procedures to monitor how the policy/code of conduct is operating in practice
 - Talk to staff and get their feedback on how the programme is working.
 - When employees leave, conduct exit interviews and ask for feedback about the programme.
 - Invite employees, agents and other stakeholders to inform you of any concerns on a confidential basis.
- Impose disciplinary measures in cases of violation
 - Have appropriate measures available and be prepared to use them.
 - Where you provide in-house training on the policy/code of conduct, make it clear that the training is mandatory.

- Incorporate the policy/code of conduct into the company's system of performance management
 - Cover compliance with and commitment to the programme in the process of performance appraisal.
 - Ask staff what they have done to champion the programme.
 - Consider ways of rewarding those who show a particular commitment to the aims of the programme.
- Where you identify weaknesses and violations, respond appropriately
 - Take remedial action whenever your internal reviews identify weaknesses.
 - Discuss failures at the highest level within the business and identify and implement measures to prevent them from re-occurring.

ANNEX 7 – COMPLIANCE PROGRAMME BENCHMARKING TOOL

COMPANY INFORMATION

1. Company Name

2. Operating Field

3. Type of Company

4. Number of Personnel

COMPANY VISION AND GOALS

1. All employees behave in a way that shows their commitment to achieving the organization's vision for ethical action.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

2. Each of the organization's ethics goals are reasonable, clear, measurable and achievable.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

3. Ethical thought and action have become part of the fabric of the organization. It is ingrained in the organization. Ethics is not seen as an isolated program, but rather as key to growth and success.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

4. Over 90% of a diverse sampling of employees rate the workplace as respectful of individuals, fair, open, and flexible.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

5. The organization is frequently benchmarked for its ethics and integrity.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Over 90% of a diverse sampling of employees rate the workplace as respectful of individuals, fair, open, and flexible.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

LEADERSHIP

1. Managing ethically is considered an essential leadership competency.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Senior managers are seen as role models. They emphasize the importance of ethical conduct as a core organizational value and strategy, and they provide consistent, visible leadership.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Ethical action and ethical leadership are perceived as critical for the organisation's continuing success

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Leaders and board members publicly support ethics and integrity initiatives, even when these initiatives are perceived to be controversial.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Leaders and managers demonstrate ethical awareness; They are conversant with the vocabulary of ethical analysis, and consistently act in ways that are consistent with the organization's values.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Leaders and board members share a deep-seated commitment to ethical conduct as a foundation for the organization's culture.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. The board of directors shares responsibility for integrating\ ethical conduct into the organization's culture.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Most managers receive training and coaching in ethics, and provide coaching about ethics to others.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Management pay, bonuses, and promotions are tied to a variety of ethical indicators. Leaders are held accountable for supporting ethical conduct at an individual and organizational level.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Does your company have mechanisms to award ethical leadership and exemplary behaviors?

- Yes
- No

11. All managers of the company are in continuous and open communication with all employees in terms of ethics and legislative harmonization.

	I agree	I do not agree	No idea
With the above statement ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

HUMAN RESOURCE MANAGEMENT and ETHICAL CULTURE

1. Most employees are very proud to work at the organization and would describe it as a great place to work, where ethics, integrity, trust and fairness are highly valued.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Employees can easily identify integrity role models in their current leadership ranks as well as in the organization's past leaders.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Ethical awareness, analysis, and action are routinely incorporated into selection, performance evaluation, and promotion decisions.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. The ethics code covers all employees, whether full or part time, occasional or regular, and those employed for fixed term or on open-ended contract.

	I agree	I do not agree	No idea
With the above statement ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Employees feel good about the organization and its mission as well as its commitment to social responsibility and can identify specific examples of positive ethical conduct.

	I agree	I do not agree	No idea
With the above statement ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. The organization is regarded as being fair in the internal administration of justice (e.g., grievance procedures or dispute resolution systems).

	I agree	I do not agree	No idea
With the above statement ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Employees feel safe to speak up (e.g., to blow the whistle) if they encounter fraud or other wrongdoing in the organization.

	I agree	I do not agree	No idea
With the above statement ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. The organization values cultural diversity but ethics and integrity are never compromised in the name of cultural relativity.

	I agree	I do not agree	No idea
With the above statement ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Ethical conduct is seen as one of the critical elements for promotion and advancement at all levels.

Yes

No

10. Managers understand what motivates employees to act ethically or to act unethically, and have the training and tools necessary to motivate ethical behavior.

Yes

No

11. The performance management system incorporates the organization's values and ethical principles, and records employee behavior that meets or fails to meet these expectations.

Yes

No

12. The organization does not shy away from taking disciplinary action against high- performing, senior leaders who have acted unethically.

Yes

No

13. Are the procedures and authorizations about evaluation, punishment and reporting of ethical violations complete?

Yes

No

14. Are these measures shared with all personnel through an efficient communication?

Yes

No

15. Does your company have a written procedure for penalties and sanctions for violation of ethics and harmonization?

Yes

No

16. Organizational culture is monitored with specific attention paid to how employees view the internal environment for ethical action.

Yes

No

17. Sanctions for ethical violations are implemented on fair basis irrespective of whoever the personnel is.

I agree

I do not agree

No idea

With the above statement ...

WHISTLEBLOWING

1. Employees are encouraged to speak up and bring forward their concerns or complaints about unethical behavior or misconduct. The organization offers a number of confidential channels or resources to which employees may turn.

Yes

No

2. Employees receive communications about how, when, and why to call the hotline or helpline.

Yes

No

3. Summary data is reported to management, the board, and employees on a regular basis describing the kinds of matters that have been reported to the hotline or helpline service and the outcome/disposition of those matters.

Yes

No

4. Both callers and subjects of calls receive procedural due process protections, including (a) confidentiality; (b) opportunity to present witnesses and evidence; (c) opportunity to be heard and to respond; and (d) opportunity to be represented by an advocate.

Yes

No

5. Supervisors and managers receive training on how to recognize and prevent retaliation.

Yes

No

6. Victims of retaliation will be made whole.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

MEASUREMENT and REPORTING

1. Ethics and integrity are regularly incorporated into organizational culture surveys and assessments.

Yes

No

2. The organization is fully transparent with its external stakeholders about the activities, results, and outcomes of its ethics measurement and research.

Yes

No

3. Enterprise-wide risk assessments that focus on ethical conduct, legal compliance, leadership commitment to ethical action, and reputational risk exposure are performed regularly.

Yes

No

4. The organization communicates the impact and return on investment of all components of its ethics initiatives.

Yes

No

5. The ethics and compliance officer reports regularly to senior management on activities and results of the function.

Yes

No

6. Annual reports about ethics activities and results are made to the board of directors by the chief executive or a ranking vice president.

Yes

No

7. The organization describes its commitment to ethical conduct and accountability and summarizes its accomplishments in this area in its annual report or through other publicly available communication channels.

Yes

No

8. The organization is transparent about its commitment to ethics and integrity, and is willing to share both successes and failures with internal and external audiences.

Yes

No

9. The organization participates in third-party evaluations, surveys and studies, focused on ethical awareness, ethical action, and ethical leadership.

Yes

No

10. The organization regularly reviews ethics benchmarks, both within its industry/sector and across industries/sectors.

Yes

No

CONFIDENTIAL ADVICE and SUPPORT

1. All employees including senior executives and members of the board of directors are comfortable seeking independent, confidential, neutral ethics advice.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

2. Leaders actively encourage staff to obtain ethics advice whenever anyone perceives or believes that an ethical issue has arisen.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

3. The confidentiality of the ethics advisory process is respected at all levels of the organization.

Yes

No

4. The chief ethics officer is authorized to issue "safe harbor" letters so that employees seeking advice are reassured that they cannot be disciplined because they relied upon that advice.

Yes

No

5. The organization's policies prohibiting retaliation or retribution also protect employees who seek confidential ethics advice.

Yes

No

6. All calls or inquiries seeking ethics advice, including questions about workplace behavior and the application of the rules to a set of circumstances or facts, are handled in confidence.

Yes

No

7. Employees who seek confidential ethics advice and fully disclose all facts and circumstances can rely upon the advice they are provided.

I totally agree

I somewhat agree

I don't agree

How do you agree with
this statement?

REGULATORY COMPLIANCE

1. The organization is knowledgeable and in compliance with the laws of all jurisdictions where it operates, and has a system for resolving conflicts of law questions.

Yes

No

ETHICS AND COMPLIANCE INFRASTRUCTURE

1. Does your company have an ethics code?

Yes

No

2. The code of conduct/ethics code is a bilateral document, setting forth the mutual rights, duties, and obligations of both the organization and its employees.

Yes

No

3. The code provides concrete actionable guidance and examples of real situations and how to address them.

Yes

No

4. Policies and rules that describe what employees should or should not do on behalf of the organization are written in plain, easily understood language, and are available in translation for all major language groups working in the organization.

Yes

No

5. The organization demonstrates transparency and accountability by requiring key employees to make regular disclosures concerning, for example, personal finances and conflicts of interest.

Yes

No

6. Policies and rules, and/or a code of ethics and business conduct, are available in written and electronic format, and are freely available to all workers.

Yes

No

7. Policies and rules are updated regularly, with revisions circulated upon adoption by the organization.

Yes

No

8. The code and supporting rules and policies are seen as best practice documents in the organization's industry.

Yes

No

9. The code is based on the organization's core ethical values and describes the type of business conduct expected of its workers in all their interactions.

Yes

No

10. Does your company have an ethics and compliance department?

Yes

No

11. A senior executive leads the ethics function, supported by a knowledgeable^ staff of ethics professionals, adequate for the size and goals of the organization.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

12. Adequate financial and other tangible resources are allocated annually to the ethics function, as part of the organization's budget cycle.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

13. Does your company have an ethics and compliance officer?

Yes

No

14. The ethics and compliance officer serves as an independent and confidential ethics advisor to senior leaders and governance members.

Yes

No

15. Does your company have a board member in charge of ethical performance?

Yes

No

16. Does your company have ethical communication channels? (complaint and notification call line, etc.)

Yes

No

17. Are there any mechanisms that allow continuous development of your code's implementations? (Surveys, work groups, periodic meetings with shareholders, etc.)

Yes

No

18. The ethics and integrity initiative is fully integrated into all organizational operations.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. Which of the following departments took part in preparation of the ethical code and what roles they played?

	Leadership	Contribution
Legislative harmonization department	<input type="radio"/>	<input type="radio"/>
Corporate secretariat	<input type="radio"/>	<input type="radio"/>
Human resources department	<input type="radio"/>	<input type="radio"/>
Internal audit department	<input type="radio"/>	<input type="radio"/>
Corporate risk management department	<input type="radio"/>	<input type="radio"/>
Corporate communication department	<input type="radio"/>	<input type="radio"/>
Production, Logistics, Purchasing	<input type="radio"/>	<input type="radio"/>
Consultant company	<input type="radio"/>	<input type="radio"/>

20. Evaluate the following in terms of importance and efficiency within your corporate ethics policy.

	Lowest 1	2	3	4	Highest 5
Business ethics trainings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Notification, suggestion, consultancy channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developer information collection systems (surveys, meetings, workshops)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Periodic statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Values and Mission declarations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Protection of stakeholder rights	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethics manager authority and responsibilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inclusion of ethical values in personnel evaluation system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internalization of ethics and harmonization policies by external stakeholders (suppliers, representatives, agencies etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. Which of the following are discussed in your ethics code?

- Fair competitions
- Prevention of conflict of interest
- Exchange of gifts
- Representation and complementaries
- Public relations
- Donations
- Data security
- Fight against bribery and corruption
- Equal opportunities
- Environmental protection
- Health and safety regulations
- Insider training
- Other (please specify)

22. Is your ethical code available on your intranet or internet site to be easily accessed by all your personnel and external stakeholders?

- Yes
- No

23. Does your company require personnel to submit declarations on conflict of interest and ethical harmonization?

- Yes
- No

24. Does your company have training and guidance programs to allow all personnel to develop an attitude in harmonization with your ethical values and business ethics to become a corporate culture?

- Yes
- No

25. Does your company commission a person or a council to be consulted by employees to resolve ethical dilemmas?

- Yes
- No

26. About which of the following have your employees been informed to submit notifications to the ethics board or the ethics leader?

- Reporting a possible/occurred illegal behavior
- Reporting a possible/occurred ethical code violation
- Consulting about ethics and legislative harmonization
- Providing suggestions for development of the ethics system
- Reporting hesitations about the ethics management system
- What is the course to be followed when a non-ethical attitude is reported?
- Starting investigations about all notifications
- Starting investigations about notifications believed to be credible
- Other (please specify)

27. Which factors are effective on your activities for spread and internalization of business ethics?

Internal factors

- Management changes
- Increased emphasis on value
- Efforts for prevention of abuse or corruption
- Detected increase in abuse or corruption
- Mergers and acquisitions
- Operational or financial growth
- Demand/pressure from corporate shareholders
- Desire to protect and develop reputation
- Strategies for expansion into international markets

28. Do your ethics procedures include measures to protect the denouncer from retaliation?

- Yes
- No

1. Does your company have an ethics training program?

Yes

No

2. Is ethics training program is compulsory in your company?

Yes

No

3. The organization provides state-of-the-art ethics training to all board members, executives, managers, supervisors, employees, and agents, and establishes a minimum number of ethics training hours to be completed annually for each category of learner.

Yes

No

4. Ethics training, focused on enhancing ethical awareness, ethical decision-making, ethical leadership, and personal accountability, is integrated into the organization's general educational curriculum.

Yes

No

5. Ethics training is formally evaluated for effectiveness, and constantly updated and improved.

Yes

No

6. The organization teams with others in its industry, communities, and/or academia to sponsor research into ethics training effectiveness and evaluation methodologies.

Yes

No

7. Which of the following defines the content of your ethics training?

- Formation of, reasons for and dynamics behind the non-ethical behavior
- Ethical decision making, learning and operating ethical mechanisms
- Case analyses and scenarios
- Experience sharing
- Access to resources about ethics management
- Effective and ethical use of notification and complaint lines
- Ethical code communication
- Other (please specify)

8. At which level, in your opinion, is the employee awareness about the ethics policy, ethical values and ethics and harmonization code in your company?

Very high	High	Average	Low	Very low
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. How often are ethics trainings provided in your company?

- Once at the start of employment
- Repetition of the same training package in certain intervals
- Provision and repetition in certain intervals of training packages created with different contents for every position and risk class

10. Do the executive board members and general manager of your company are subject to ethics and harmonization trainings?

- Yes
- No

11. Which of the following does your ethics training consist of?

- Fair trade
- Competition legislation
- Prevention of conflict of interest
- Exchange of gifts
- Representation and complementaries
- Political party relations
- Donations
- Fair lobbying activities
- Prevention of bribery and corruption
- Data security
- Insider trading
- Employee's rights
- Equal opportunities
- Environmental protection
- Health and safety regulations
- Other (please specify)

12. Does your company provide ethics training for suppliers, partners and representatives?

- Yes for suppliers
- Yes for partners
- Yes for representatives
- No

13. The organisation exposes employees at all levels with challenging ethical dilemmas drawn from real life that prepare them to recognize, appreciate, and resolve ethical issues that they will encounter in everyday business.

- Yes
- No

14. The organization has adopted a specific ethical decision-making methodology, tied to its core ethical values, that enables employees to resolve ethical dilemmas.

- Yes
- No

15. Employees in organizational functions critical to establishing an ethical culture (such as Human Resources, legal, security, and audit) receive additional ethics training.

Yes

No

16. Ethics is included in other organizational training, such as supervisory training; diverse techniques and examples are used to deliver training on all topics.

Yes

No

17. Senior managers endorse and voluntarily attend ethics training.

Yes

No

18. Ethics professionals, managers, and employees help design, develop, deliver, and reinforce the learning from training.

Yes

No

SUGGESTION, COMPLAINT, NOTIFICATION and CONSULTANCY TOOLS

1. Does your company have communication tools for employees to report non-ethical behaviors?

Yes

No

2. How do you define your complaint, notification and suggestion communication channels?

	Efficient	Reasonable	Insufficient
Direct line to report the person suspected to misuse authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guidance and support line	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Direct communication opportunity with department heads	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legislative harmonization/legal/ethics offices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Does your company have policies in effect for the following?

	Yes	No
Protection of the denouncer from retaliation	<input type="radio"/>	<input type="radio"/>
Protection of confidentiality in complaints and notifications	<input type="radio"/>	<input type="radio"/>
Protection of the rights of the target person of complaints during evaluation process	<input type="radio"/>	<input type="radio"/>
Process reporting about the notification	<input type="radio"/>	<input type="radio"/>
Identification of fair evaluation and decision making processes	<input type="radio"/>	<input type="radio"/>

CORPORATE RESPONSIBILITY

1. Does your company make periodic al social responsibility, sustainability or similar non-financial reporting?

- Yes
 No

2. Does your company have a medium-long term sustainability plan?

- Yes
 No

3. Are there any projects executed by your company for the benefit of public?

- Yes
 No

4. Are there any projects executed by your company that support social, cultural and occupational development of employees?

- Yes
 No

5. Are there any policies executed by your company to protect the environment, to prevent pollution, to struggle against climate change and to provide sustainability?

Yes

No

6. Does your company support Global Compact?

Yes

No

7. The organization supports the contribution of employee time, energy, and ideas to social and environmental concerns.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

8. The organization provides financial resources as well as employee time and labor in a variety of community projects; employees may be compensated for time spent working in the community.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

9. Facilities are located to serve and promote economic growth of the whole community, and particularly communities or groups that have been historically ignored, or that are in the greatest need.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

10. The organization is generous in supporting and assisting other organizations in their ethics and integrity initiatives.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

11. The organization considers corporate social responsibility more than just philanthropy and mainstreams it into everyday business practice.

I totally agree

I somewhat agree

I don't agree

How do you agree with this statement?

12. The organization vigorously supports human rights and environmental sustainability in all its actions.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. The organization thinks systemically, analyzing its social responsibility and investment policies (if for-profit) in order to consolidate initiatives.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. The organization's involvement in the community and environment reflects long-range planning.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. The organization sponsors scholarship and internship programs that positively impact the community.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SUSTAINABILITY

1. Did your company appointed a person from the management to be in charge of compliance to all environmental protection and sustainability laws and regulations applicable for the company?

- Yes
- No

2. Did your company go through an audit in terms of environmental protection and sustainability within the last 12 months?

- Yes
- No

3. Did your company go through an evaluation in terms of environmental protection and sustainability within the last 12 months?

- Yes
- No

4. Is your company a member to an NGO, union or organization operating in environmental protection and sustainability?

Yes

No

5. Does your company have a written environmental protection and sustainability management policy or a similar written declaration?

Yes

No

6. Does your company implement a system including targets, policies and procedures for environmental protection and sustainability?

Yes

No

7. Is the environmental protection and sustainability management policy of your company implemented in all your facilities and agencies all across the world as in the headquarters?

Yes

No

8. Is your environmental protection and sustainability management policy open to continuous development? Does it include any related procedures?

Yes

No

9. Is your environmental protection and sustainability management policy arranged to be easily understood by all employees?

Yes

No

10. Is your environmental protection and sustainability management policy provided to be easily accessed by all employees (booklet etc.)?

Yes

No

11. Which of the following are discussed within your environmental protection and sustainability management system?

- Environmental permits
- Prevention of pollution
- Dangerous goods
- Liquid and solid waste
- Emissions
- Raw material management
- Other (please specify)

12. Are there any performance targets and indicators for measuring the success of your environmental protection and sustainability management system?

- Yes
- No

ETHICS COMMUNICATION

1. The organization connects ethics awareness and ethical conduct with its reputation, and sensitizes executives, senior leaders, and board members to the importance of communicating about ethical conduct and integrity.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Organizational leaders are candid in their internal and external communications about ethics and are willing to engage in conversations that explore ethical dilemmas they have faced.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. The organization promotes transparency in connection with all of its activities.

	I totally agree	I somewhat agree	I don't agree
How do you agree with this statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. The organization sponsors community, academic, and business-community events that promote ethical business conduct and increase awareness.

Yes

No

5. The organisation's communication functions-community affairs, employee communications, public relations, and marketing communications - consistently highlight ethics and values and share successes in both internal and external communications.

Yes

No

6. Leaders regularly speak about ethical commitments, challenges, and successes.

Yes

No

7. An accessible ethics website, available to all employees, provides links to ethics, integrity and compliance websites. The organization's external website includes information about its ethics vision, goals, programs, and results

Yes

No

8. The organization conducts outreach to its stakeholders in an effort to promote transparency about ethics and values.

Yes

No

9. How often is your ethics code emphasized by which administrative personnel?

	Frequently	Occasionally	Never
Chairman of the board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Board members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
General manager	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vice general managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethics management and compliance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal audit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate risk management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate communications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Production, logistics, purchasing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Which methods does your company prefer in communication with external stakeholders apart from ethics training?

- Brochures, posters
- Bulletins, e-bulletins
- Meetings and seminars
- Corporate activities
- Departmental meetings
- Other (please specify)

CORPORATE GOVERNANCE

1. People that have high level of information and ability in the operating field and management of the company and that are vested with certain qualifications, certain amount of experience and background are nominated and elected for the board of directors of the company. Associated general conditions are declared in the articles of association of the company. Those who are selected as board members for other qualifications are ensured to receive necessary trainings in case they lack the aforementioned qualifications.

I agree	I do not agree	No idea
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Are the chairman of the board of directors and the general manager the same person?

Yes

No

3. Do your corporate administrative procedures include arrangements to allow every board member to reach information about all activities and transactions of the company?

Yes

No

4. It is not possible to reject bringing a book, a book record, a contract, a correspondence or a document requested by a member to the board of directors, reviewing and discussing it among the board or by the members or obtaining information on any subject from the related manager or employee.

I agree

I do not agree

No idea

5. Are the articles of association, legal code and other corporate regulations complied with in use of shareholding rights?

Yes

No

6. Are the shareholders vested with enough information about the corporate policies and procedures about the protection of their rights?

Yes

No

7. Does your company have an official procedure for elimination and resolution of conflicts among the internal and external stakeholders of the company?

Yes

No

8. Does your company take all kinds of measures to provide customer satisfaction in marketing and sale of goods and services?

Yes

No

9. Customer demands about the purchased good or service are rapidly fulfilled and delays are notified to the customer without waiting for expiration.

I agree

I do not agree

No idea

10. Are financial and operational targets identified across the company and strategies developed to be followed to reach these targets?

Yes

No

CORPORATE RISK MANAGEMENT

1. Is your company subject to any law in bribery and struggle against corruption such as FCPA?

Yes

No

2. Does your company conduct any detailed research and review about your agencies, representatives, distribution network and partners?

Yes

No

3. Did your company conduct any risk identification study in ethics and legislative compliance within the last 24 months?

Yes

No

4. Was any comparative study conducted to measure the efficiency of the ethics management system of your company within the last 24 months?

Yes

No

5. At which level are the following individuals and groups aware of the business ethics risks faced by your company?

	1	2	3	4	5
Chairman of the board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Board members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Chief executive officer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Executive committee members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
General manager	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vice general managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Department managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

THIRD PARTY ETHICS RISK MANAGEMENT

1. The organization has articulated the ethical standards and principles expected of third parties (e.g., suppliers, vendors, consultants, agents, and contractual workers).

- Yes
 No

2. Does your company implement supply chain management programs?

- Yes
 No

3. Which methods do you prefer to inform and train your suppliers about your ethics management and legislative compliance policies?

- Our company has a written ethics and compliance code.
- Adoption and obedience to the supplier ethics and compliance code is a precondition to make business with our company.
- The notification mechanism of our company is also open to employees of our suppliers.
- We conduct unannounced audits for our suppliers.
- We ensure that our suppliers provide a notification line for their own employees and stakeholders.
- We ensure that our suppliers go through external audits.
- Other (please specify)

4. Do you request as a contractual provision that all your suppliers comply with your environmental protection and sustainability code?

Yes

No

5. Do you expect from your suppliers to develop and implement voluntary environmental protection and sustainability management policies and do you encourage them accordingly?

Yes

No

REPUTATION MANAGEMENT

1. Is reputation management defined as a corporate risk in your company?

Yes

No

2. Are there any individuals or a committee in charge of reputation management?

Yes

No

3. Do you have reputation perception surveys conducted?

Yes

No

4. Considering the last five years, at which level do you see your corporate reputation as indicated with the results of the surveys or by the known common public perception?

Very good

Good for the sector

Average

Low for the sector

Very low

5. At which level do you see your corporate reputation level before the employees?

Very good

Good for the sector

Average

Low for the sector

Very low