



## **G20 High-Level Principles on Incentives for the Private Sector to Adopt Comprehensive and Consistent Integrity Measures to Prevent and Combat Corruption**

### **Introduction**

Tackling corruption requires concerted efforts from both the public and private sectors. Corruption undermines institutions and values of democracy, ethical values and justice and jeopardizes sustainable development and the rule of law. Corruption also affects entire supply chains, distorts markets, undermines competition, and increases costs to companies. It undermines fairness and efficiency in the private sector, reduces the quality of products and services, and leads to missed business opportunities. The private sector, along with governments, and with the active participation of civil society, non-governmental organizations, and community-based organizations play a crucial role in the prevention of and fight against corruption. Private sector entities can adopt effective measures to prevent, detect and fight corruption, promote ethical conduct and transparency in their relations with each other and with domestic and foreign public officials, and implement effective governance and risk management systems. Governments, to that purpose, can develop incentives for the adoption of such measures by the private sector.

International anti-corruption instruments and commitments have long recognized the importance of private sector engagement in preventing and combating corruption. Article 12 of the United Nations Convention against Corruption (UNCAC) requires State parties to take measures to prevent corruption involving the private sector. More recently, the 10<sup>th</sup> UNCAC Conference of States Parties adopted Resolution 10/12 “Providing incentives for the private sector to adopt integrity measures to prevent and combat corruption”. In this sense, governments are faced with the challenge of creating incentives for the private sector to adopt and implement effective integrity measures to prevent and combat corruption, while enforcing effective legislation and proportionate and dissuasive



sanctions, safeguarding economic activity, promoting sustainable development, and contributing to reducing economic and social inequality.

It is important for governments to raise awareness among the private sector about the value of adopting, implementing and constantly improving effective integrity measures in a proactive manner. Establishing governmental initiatives for incentivizing the private sector to adopt integrity standards for preventing and detecting acts of corruption can be a productive tool to foster a culture of integrity within the business environment while reducing corruption risks. Where applicable and according to their domestic legal framework, governments should set high integrity expectations for the private sector and provide the necessary guidance to inform and support the private sector in developing and implementing comprehensive and consistent integrity measures. Establishing and enforcing measures that allow companies as well as involved individuals to be held liable can have an important deterrent effect and can motivate and incentivize the private sector to set high standards for business conduct and consider, where appropriate, strategic partnerships between public and private sectors. In turn, private sector entities are responsible for implementing integrity programs to help prevent and detect corrupt activities, which may include voluntary self-reporting. Business organizations and professional associations are encouraged to support actions by the private sector, in particular small and medium-sized enterprises, to develop and adopt internal controls, ethics and compliance programs or measures to prevent and detect corruption.

Adopting integrity measures can also bring numerous benefits to the private sector, such as improving reputation, attracting and retaining talent, promoting creativity and innovation, increasing stakeholders' trust, reducing the costs of doing business, increasing private investment opportunities, contributing to sustainable development, and, where applicable, mitigating the potential impact of sanctions. Measures that incentivize private sector integrity may therefore contribute to promoting economic activity, create opportunities to facilitate general and equitable inclusive growth, and mainstream a gender perspective into corporate compliance.



Furthermore, in a globalized economy, mutually acceptable integrity principles among countries and regions of the world would contribute to fostering fair competition and providing the private sector with a more predictable and stable business environment, so they can contribute to a socially and environmentally sustainable economy.

In line with the G20 High-Level Principles on Private Sector Transparency and Integrity, the G20 will continue to work with businesses and other stakeholders, including the B20 and C20, to combat corruption by promoting compliance through collective action and public-private sector dialogue. The G20 will also continue to encourage the implementation of effective internal controls and ethics and compliance programs and initiatives. The G20 supports the development and implementation of anti-corruption programs for SMEs as appropriate given their size, resources, and risks, and welcomes initiatives from business organizations and civil society, non-governmental organizations, and community-based organizations to provide guidance, training and awareness-raising.

Moreover, for the past two decades, the concept of business integrity has evolved into a more comprehensive approach, urging the private sector to engage in the protection and promotion of not only anti-corruption principles.<sup>1</sup> Therefore, integrity systems in the private sector should consider taking into account other relevant risks, such as the potential environmental, social and economic impact of their business activities.

The following G20 high-level principles aim to explore how governments can establish effective frameworks to incentivize corporate compliance and integrity efforts, promote ethical conduct, transparency and accountability, and foster the adoption of mechanisms for preventing and detecting acts of corruption and other related offenses within the private sector.

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<sup>1</sup> Notably, *inter alia*, in line with the Vienna Declaration and Programme of Action of the World Conference on Human Rights held in Vienna, Austria from June 14 – June 25, 1993; the decision by the United Nations to establish, in 2000, the United Nations Global Compact, an initiative to mobilize companies around the world in aligning their operations and strategies around ten universal principles in the areas of human rights, labor, the environment.

**Principle 1: Promote the development of regulations, policies, guidelines, or incentives for the private sector to adopt integrity measures to prevent and combat corruption.**

*The establishment of comprehensive and consistent regulations, policies, guidelines, or incentives is paramount to inform the private sector's integrity measures and guide government action. These should set effective integrity standards consistent with applicable international anti-corruption instruments.*

G20 countries can achieve this, in accordance with the fundamental principles of their domestic legal systems, including within their corporate liability regime, by:

- i. establishing regulations, policies or incentives for the private sector to develop, implement, continuously monitor and improve comprehensive and consistent integrity measures for preventing and detecting acts of corruption, such as, but not limited to, compliance programs, internal governance and controls, internal and external audits, supervision and oversight, risk management systems, reporting mechanisms whistleblower protection systems, periodic training and codes of conduct;
- ii. endeavoring to develop, where appropriate, public policies, laws and regulations that establish clear and objective guidance for relevant authorities to adequately assess the effectiveness of the integrity measures adopted by private sector entities;
- iii. promoting the adoption of comprehensive and consistent integrity measures in the private sector that encourage transparency relevant to anti-corruption efforts, particularly of beneficial ownership information;
- iv. designing and maintaining regulatory frameworks and public policies in a way that does not create undue burden or disproportionate demand on businesses, especially on small and medium-sized enterprises, and that take into account

- specific characteristics in different sectors, including risk profiles, sizes, industries and financial capacities;
- v. Considering taking measures to promote cooperation between competent law enforcement agencies and relevant private entities;
  - vi. promoting, women's full, equal and meaningful participation and leadership in preventing and combating corruption in the private sector;
  - vii. Considering the use of integrity clauses in public contracts, which may cover, *inter alia*, disclosing relevant company details.

**Principle 2: Provide appropriate incentives for private sector entities to adopt business integrity measures for preventing and combating acts of corruption in the context of access to domestic public programs and policies.**

*Governments may encourage the adoption of integrity measures by private sector entities by providing a range of incentives in the context of access to certain relevant public programs and policies.*

G20 countries can achieve this, in accordance with the fundamental principles of their domestic legal systems, by:

- i. considering taking into account integrity measures in the selection or access of private sector entities to public programs, such as those related to subsidies, licenses, procurement contracts, preferred supplier status, export credits, and official development finance assistance;
- ii. promoting the development of policies that consider integrity measures when providing private sector entities with financing and investment opportunities;
- iii. increasing action to assess the commitment of private sector entities to an evidence-based practice of integrity, transparency and ethical conduct and, considering, where appropriate, publicly recognizing it.

**Principle 3: Incentivize the adoption of integrity measures by the private sector in the context of enforcement proceedings**

*Countries need to ensure effective, proportionate and dissuasive criminal or non-criminal sanctions for legal persons for corruption and related offenses. Countries are encouraged to consider, where appropriate and consistent with their domestic legal systems, whether legal persons have taken or are implementing integrity measures, such as an effective ethics and compliance program to adequately prevent, detect and discipline corrupt practices in the context of enforcement proceedings, which may be criminal, civil or administrative in nature.*

G20 countries can achieve this, in accordance with their domestic legal systems and following the G20 High-Level Principles on Liability of Legal Persons, by, for example:

- i. ensuring that sanctions, which may be criminal, civil or administrative in nature, for legal persons for corruption and related offenses such as money laundering, are effective, proportionate and dissuasive, and are enforced in practice;
- ii. taking into consideration, in the context of enforcement, whether legal persons have taken or are implementing effective integrity measures and, where appropriate, providing incentives for the voluntary self-disclosure of corruption, effective cooperation with competent law enforcement authorities and other government agencies, and instituting effective remediation measures;
- iii. maintaining and, where necessary, establishing new effective frameworks enabling international law enforcement cooperation, and considering affording the widest possible international cooperation, including through mutual legal assistance, regarding corruption offences, including where such offenses involve legal entities.

**Principle 4: Raise awareness of the need to implement appropriate anti-corruption measures within the private sector**

*Governments should consider raising awareness and offering guidance on private sector incentives for implementing voluntary effective integrity measures for preventing and fighting corruption. Where applicable and in accordance with domestic legal systems, public authorities should consider making domestic assessment methodologies and criteria for assessing integrity programs publicly available to assist private sector entities in developing and implementing effective programs. Governments should also consider developing tailored awareness-raising activities that address the specific needs and profile of small and medium-sized enterprises.*

G20 countries can achieve this by:

- i. making all applicable laws, regulations, and guidelines related to providing incentives to private sector entities for implementing effective integrity measures to prevent and combat acts of corruption publicly available and easily accessible;
- ii. considering developing, publishing and disseminating guidance, best practices, evaluation methodologies, and other tools and resources to assist private sector entities in developing, implementing, and assessing integrity measures, including in their supply chains;
- iii. developing targeted awareness-raising initiatives that take into account the specific profiles and capacities of small and medium-sized enterprises to adopt effective integrity programs;
- iv. promoting technical assistance upon request, including capacity-building initiatives within the private and public sectors, that include, where appropriate and consistent with domestic law, the participation and contribution of multiple relevant stakeholders.

- v. promoting simplification of procedures and systems, especially through e-governance to reduce the administrative burden for businesses while enhancing responsiveness, transparency, and accountability.

**Principle 5: Strengthen partnerships with the private sector in anti-corruption efforts**

*Anti-corruption efforts require joint and coordinated collective action that involves multiple stakeholders, including those outside the public sector. By strengthening partnerships with the private sector, governments can develop more practical legal and regulatory frameworks, promote inclusion, and reduce social and economic inequality, tackle common corruption problems, raise public awareness, gather support for government action and disseminate good practices and high integrity standards.*

G20 countries can achieve this, in accordance with the fundamental principles of their domestic legal systems, by:

- i. encouraging increased dialogue and participation of relevant stakeholders, as applicable, when designing and implementing integrity policies and procedures;
- ii. fostering partnerships and facilitating the exchange of knowledge, and advancing good practices through appropriate initiatives, such as training, strategic partnerships, and awareness-raising campaigns;
- iii. engaging, where appropriate, in global initiatives by the private sector and networks of relevant national or international organizations, in order to exchange experiences and establish direct dialogue with private sector entities;
- iv. Promoting collective action efforts to facilitate the joint commitment and coordinated action along with governments and other stakeholders, including private sector entities and organizations, in fostering business integrity;





- v. encouraging the adoption of self-regulation mechanisms that establish high level integrity standards by private bodies with regulatory functions, such as business associations or professional associations.