

Transparency International UK Business Integrity Forum¹ (BIF)

Due diligence and related procedures 2018

1. Introduction

Transparency International UK (TI-UK) has a long-standing commitment to working with companies to help them address the corruption challenges they face. Our approach is principled but pragmatic - for example, taking a zero tolerance approach to bribery while recognising that companies need guidance and support to implement such a policy throughout their operations.

The vision for the Business Integrity Programme is as follows:

Transparency International UK works in partnership with companies and their boards that wish to attain the highest standards of integrity and share the vision of the Transparency International movement: a world in which government, politics, business, civil society and the daily lives of people are free of corruption.

- *We help companies to ensure that their own operations and activities are free of corruption, through accessing TI's global expertise.*
- *We work together with companies and their boards, governments and other partners to raise global standards, promote integrity, challenge corruption and create an economic environment in which clean businesses can compete on a level playing field.*

¹ Formerly the Corporate Supporters Forum (CSF)

2. Business Integrity Forum Membership Principles

Introduction

TI-UK works in partnership with companies that wish to attain the highest standards of integrity and share the vision of the Transparency International movement:

'A world in which government, politics, business, civil society and the daily lives of people are free of corruption.'²

TI-UK does not expect that all members of the Business Integrity Forum (BIF) will already have a perfect anti-bribery and corruption programme in place.

However, there is an expectation that companies aspire to high standards and already have, or are committed to putting in place, a programme that will match this aspiration.

Such programmes should aim to be compatible with Transparency International's Business Principles for Countering Bribery.

Principles

Members of the Business Integrity Forum of TI-UK:

- Are committed to operating to high standards of integrity and transparency;
- Have, or will implement within a stated period, an effective, risk-based anti-bribery and corruption (ABC) programme throughout their operations;
- Are committed to a process of continuous improvement of the ABC programme; and,
- Are committed to state publicly their commitment to operating to high standards of integrity and transparency and to report publicly on the ABC programme.

² As adopted by Transparency International's Annual Membership Meeting in Prague in October 2001.

3. Due diligence procedure for prospective BIF members

1. A senior level discussion between the company and TI-UK will establish whether there is a genuine alignment of interests. If so, the company will be invited to commence the application process.
2. The application process comprises a multi-step due diligence process as follows:
 - Undertake a web-based background check
 - Request the company to fill in a checklist to ascertain the completeness and sophistication of its ABC programme
 - Meet with the company to talk through the checklist, seek clarification and answer any questions. This is not a pass or fail exercise, but rather designed to give TI-UK a sufficient basis for assessing how complete or sophisticated its ABC Programme is, as well as the culture and tone from the top within the company.
 - An interview is conducted with a senior Manager/ Director to ascertain the reason for wishing to join, whether there is senior sponsorship for the application, to ascertain the company's culture in relation to integrity and to cover any significant concerns that have arisen during the background check.
3. The results are collated in a report that is sent to the TI-UK Board or a sub-committee thereof for approval. Further interviews or information may be requested if deemed necessary by the TI-UK Board.
4. An email and/or letter is issued to the company by a Director or Trustee of Transparency International UK notifying the company that it has been successful in its application to join the BIF, and outlining the BIF Membership Principles.
5. The company confirms that this has been approved at senior level and that the company's board has been made aware of the decision to join.

4. Other procedures

4.1 Terminating membership and re-joining

BIF members that wish to terminate their membership are ordinarily asked to give TI-UK one year's notice in writing (unless otherwise agreed in light of exceptional circumstances such as a take-over or financial difficulties).

At TI-UK's discretion, members that wish to return to the Business Integrity Forum within a 3-year period do not need pay a re-joining fee nor go through a due diligence process, unless there are factors such as corruption allegations or investigations in the period they were not a member.

Members who leave due to a breach of the Membership Principles (see 4.2) and wish to rejoin will need to wait for an appropriate amount of time for the reason of the breach to be resolved to TI-UK's satisfaction, go through an enhanced due diligence process and pay the appropriate fees.

4.2 Background – what happens if a BIF member breaches the Membership Principles?

In 2008, TI-UK introduced the Membership Principles for BIF members, after consultation with the members. At the same time, an internal procedure was agreed by the TI-UK board for investigating and responding to allegations in which a BIF member appeared to have breached the Principles.

This procedure was updated and was agreed by the TI-UK board in March 2017.

4.2.1 Procedure for investigating allegations

1. Prior to inviting a company to join the BIF, TI-UK will conduct due diligence to satisfy itself that the company is in line with the Membership Principles.
2. In the event that credible allegations arise that a BIF member may have breached the BIF Membership Principles, TI-UK will follow the procedure outlined below.
3. This procedure is carried out confidentially, although TI-UK reserves the right to state publicly that it is in discussion with the company about allegations that have been received and that this may lead to suspension or termination of BIF membership. It is TI-UK's policy to put an asterisk next to the names of those BIF members with which it is in dialogue in relation to bribery/corruption allegations or incidents on the "List of members" page of its website.
4. In cases where there is clear evidence – for example through a regulatory ruling – that the Membership Principles have been breached, TI-UK may proceed immediately to the termination procedure (4.2.2 below).

Credible allegation or evidence received that a BIF member may have breached the BIF Membership Principles.

Step 1

TI-UK contacts the company through its BIF designated contact and requests a high-level meeting to discuss the allegations, regulatory findings and/or evidence.

Step 2

TI-UK meets the company to hear its explanation and reviews appropriate documentation, recognising that companies in this position will face difficulties in balancing the commitment to transparency against the need for confidentiality surrounding allegations and ongoing investigations.

Step 3

TI-UK's Board, or designated board members, assess the explanation and the facts of the allegation/ incident/ judgement or ruling and conclude:

- the company's response is satisfactory and the allegations/ incident/ judgement or ruling is insubstantial or pertain to an isolated incident; no further action may be necessary, or
- the company's response is satisfactory but the allegations/ incident/ judgement or ruling is substantial; the company may be asked to take specific remedial actions, failing which the suspension or termination procedure is initiated,
- the response is not satisfactory; the suspension or termination procedure is initiated.

NB: If the company's response is satisfactory but as yet there is insufficient evidence to conclude the substance of the allegations, TI-UK will continue the dialogue until it is in a position to decide on whether no further action is required, remedial actions need to be taken or whether to initiate the suspension or termination procedure. As part of this dialogue it may ask the company to share further information on its efforts to strengthen its ABC Programme in general.

4.2.2 Procedure for suspending or terminating BIF membership

The following procedure was approved by the TI-UK Board in October 2012:

1. A company's membership of the BIF will be terminated if in the opinion of the TI-UK Board the company has breached the Membership Principles and has not demonstrated it is committed to genuine remedial reforms.
2. If a significant passage of time has passed since the breach of the Principles took place, TI-UK may allow a company to maintain its BIF membership if it is able to provide convincing evidence (oral and written) that the specific or systemic problem has been fixed. Such evidence might include change of management, punishment of those involved, full cooperation with enforcement authorities, an admission of guilt, an appropriate remediation plan and evidence of a change in culture and leadership that is committed to genuine, meaningful reforms.
3. TI-UK will terminate a company's BIF membership if it is unwilling or unable to provide such evidence.
4. If the breach of the Principles is more recent, TI-UK may suspend a company's membership pending further information becoming available, or terminate the membership immediately.
5. The decision to suspend or terminate will be taken by the TI-UK Board and will include an assessment based on the criteria mentioned in paragraph 2.
6. Suspension is usually for 12 months, and may in certain cases be shortened or extended by the TI-UK board as it deems appropriate; it involves TI-UK writing to the company's CEO to convey its decision; and for the duration of the suspension, it involves:
 - A company not attending BIF meetings;
 - The company's name being removed from the list of BIF members;
 - The company removing references on its own website or elsewhere of its support for TI-UK or membership of the BIF;
 - A commitment by the company to meet periodically with TI-UK in order to allow TI-UK to assess whether the company has taken steps to justify lifting its suspension or whether, in the absence of such action, the company's membership should be terminated;
 - A cessation of the payment of any membership fees (or in kind support by the company to TI-UK.

TI-UK reserves the right to state publicly that the company's membership has been suspended.

7. If the TI-UK Board decides to terminate a company's BIF membership:
 - TI-UK will write to the company's CEO to convey its decision; and,
 - TI-UK will place a statement on its website noting the termination.

The company may re-apply to join the BIF after a period of time has elapsed, and may be re-admitted after undergoing the new member's due diligence procedure if it is able to provide convincing evidence that there has been a sufficient change in culture, procedures and leadership such that a repetition is unlikely.

In exceptional circumstances TI-UK would propose a deferred suspension. Under such an arrangement, the company would not be suspended, but the company and TI-UK would mutually agree certain milestones over a set period, leading to a restoration of normal membership and the threat of suspension being lifted. If agreement cannot be reached on the milestones after a set period, from a pre-agreed starting date, then suspension or termination will be activated. At any time during the set period, suspension may be activated if a) the conditions are breached, b) progress is clearly not being made, c) further material information comes to light.