



***Turning Integrity into Action;
Collective Action of Businesses Against Corruption***

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Corruption (CAC)

My talk today

- Reflections on the CAC
 - CAC today: Where are we now?
 - Ways forward for anti corruption in Thailand
-

*“Every year,
over US\$1 trillion
is paid in bribes around
the world, enriching
the corrupt and robbing
generations of a future.”*



CORRUPTION A 'PROBLEM FOR ALL'

CORRUPTION PERCEPTIONS INDEX 2017

**NOT ONE
SINGLE COUNTRY,
ANYWHERE
IN THE WORLD,
IS CORRUPTION-FREE**



- **Over two-thirds of the 180 countries** in this year's index score below 50, with an **average score of 43** from our scale of 0 (highly corrupt) to 100 (very clean).
- The majority of countries are **making little or no progress** in ending corruption

Global Framework

2000 - UN Global Compact 10th Principle

2003 - United Nations Convention Against Corruption

2007 - OECD Guideline



Generic Cross-Industry Standards

E.g. TI Business Principles, ICC Rules of Conduct,
World Economic Forum Partnering against Corruption
Initiative Principles (PACI)



Sector-Specific Industry Standards

E.g. Wolfsberg Principles against Money Laundering,
Aerospace industry, Logistics & Transport



Integrity Pacts

E.g. Airport Berlin, Indian Integrity Pacts



TI'S CORRUPTION PERCEPTION INDEX 2017 – ASIAN COUNTRIES

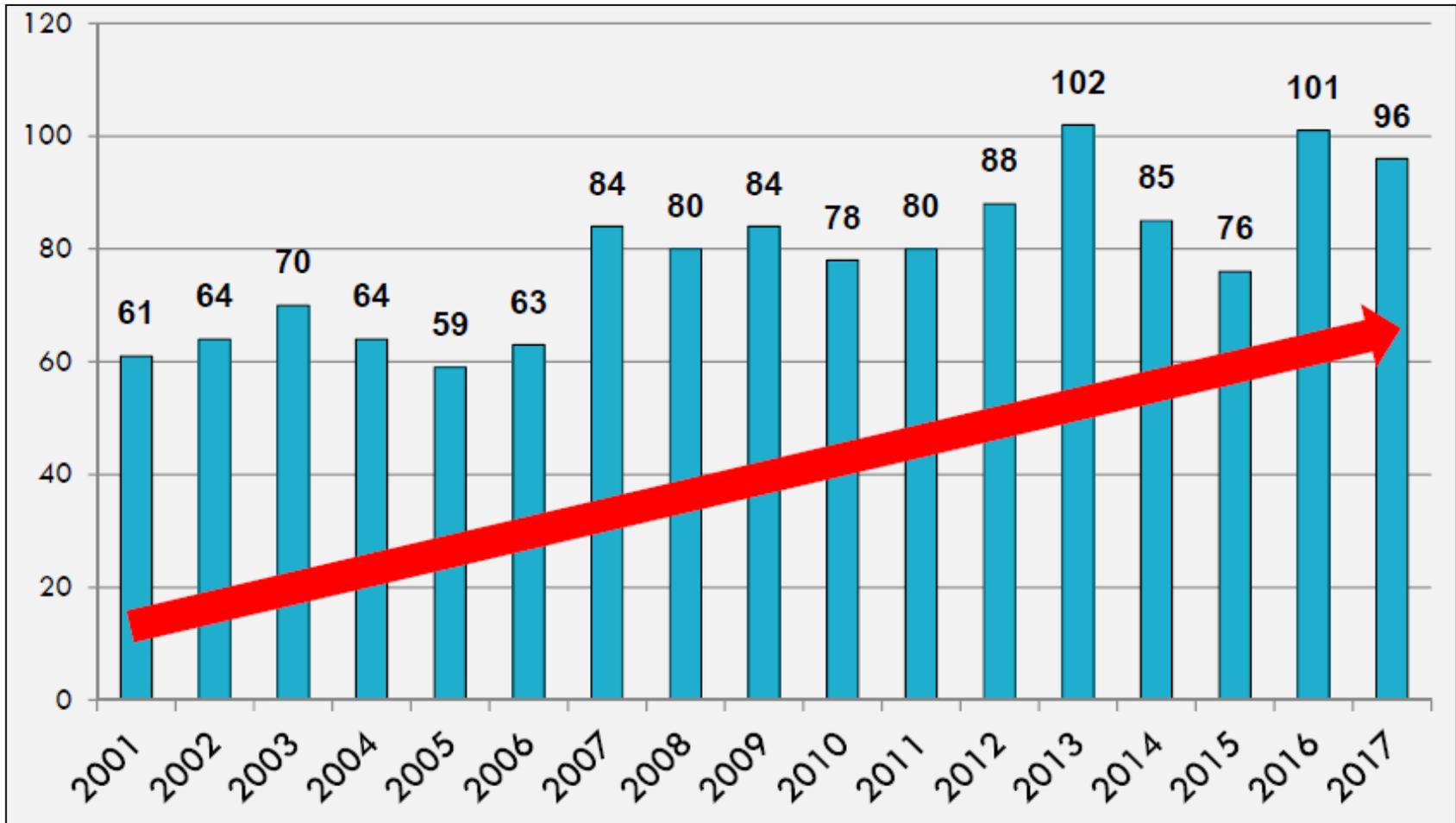


Asia Ranking	2016 World Ranking	Country	Score
1	6	Singapore	84
2	13	Hong Kong	77
3	20	Japan	73 (+1)
4	26	Bhutan	67 (+2)
5	29	Taiwan	63 (+2)
6	32	Brunei	62 (+4)
7	51	South Korea	54 (+1)
8	62	Malaysia	47 (-2)
9	77	China	41 (+1)
10	81	India	40
11	91	Sri Lanka	38 (+2)
12	96	Indonesia	37
12	96 (จากเดิม 101 เมื่อปี 2016)	Thailand	37 (+2)
14	103	Mongolia	36 (-2)
15	107	Vietnam	35 (+2)
16	111	Philippines	34 (-1)

CORRUPTION: THE GLOBAL ISSUES



Thailand- Key implication has been the rapid worsening of corruption



Lessons from Successful experience

- In Asia, at least four countries have been able to successfully tackle their corruption problems, namely, Singapore, Hong Kong, Taiwan, and South Korea.
- In these countries, similar five actions can be found: (1) Strong rule of law i.e., catching the big fish; (2) Open and competitive markets; (3) Transparent, accountable, and efficient public sector; (4) Responsible business with good corporate governance; (5) Active citizen and strong civil society.

“Bribery and corruption are incompatible with good governance and harmful to the creation of value, both at a macroeconomic level and at an individual company level.”

International Corporate Governance Network (ICGN)

How to launch Collective Action?

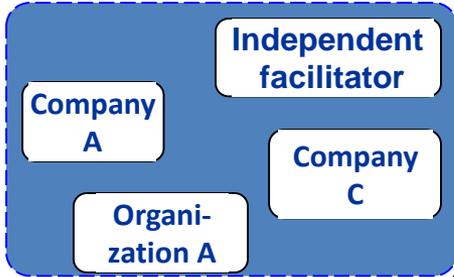
Applications

Project / transaction based agreement



Long-term initiative

Business coalition



Degree enforcement

Ethical commitment

Anti-corruption declaration

- Anti-corruption principles bind signatories to not engage in corruption during project
- Public commitment leads to enforcement 'by honor' and peer pressure

Principle-based initiative

- Ethical principles bind signatories to not engage in corruption in the daily business
- Public commitment leads to enforcement 'by honor'
- Initiative can advocate anti-corruption with government

External enforcement

Integrity pact

- Formal, written contract between customer and bidding companies
- Bidding and implementation processes monitored by external monitor
- Sanctions apply in case of violations

Certifying business coalition

- Compliance-related prerequisites for membership
- Adoption of membership requirements checked by external audits
- Members get certified or will be excluded

Collective Action

* These four primary options are illustrative of the many different variations of collective action that exist. Individual facts and circumstances will define the best option for a given potential collective action situation.

Key Features of the CAC



- 1. It is voluntary and policy advocacy by example.**
- 2. Raise governance-based compliance standards.**
- 3. Certification with external validation.**
- 4. Creating alliances for clean business.**
- 5. Promote platforms for dialogue between the public and the private sector on anti-corruption.**

CAC's Declaration of Intent



Signatory companies to this Coalition agree that they:

- 1. Will work internally to assess risks related to corruption, implement anti-corruption policies and compliance programs and provide business conduct guidance to managers and employees.**
- 2. Will disclose and share internal policies, experiences, best practices and success stories to foster ethical, clean, and transparent business transactions in Thailand.**
- 3. Will reach out to industry peers, suppliers and other stakeholders via the Coalition and participate in joint activities to fight corruption.**

Certification Process



1. Joining

- 1.1 Submit a signed Declaration of intent
- 1.2 Self-declare on past corruption news

2. Certification Process

- 2.1 Fill an Self Evaluation form
- 2.2 Verify by Audit Committee or External Auditor
- 2.3 Submit to CAC within 18 months of joining
- 2.4 CAC council will consider quarterly



Review every 3 years

Certified Member



Improvement within 3 Months

Improvement suggestion

Improvement not success

Remain as Signatory Member

Walking through the questionnaire

Policy making:

- Prohibition of bribery in any form (1-10)
- Development of the Programme for countering bribery (11)
- Use of risk assessment to develop a tailored Programme (12-14)
- Consistency with anti-bribery laws (15)
- Specific forms of bribery – Political, Charitable Contributions and Sponsorships (16-28)

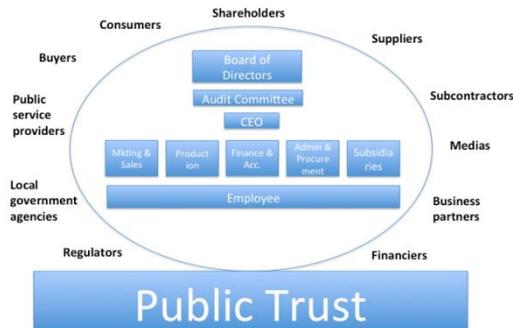


Implementing:

- Organisation and Responsibility (34-37)
- Demonstration of commitment of Board and management (38-39)
- Implementing the Programme across the company and its subsidiaries (40-41)
- Support and operational functions (42-44)
- Alignment of human resources practices with the Programme (45)
- Protection of employees for refusing to pay bribes (46-48)
- Mandatory compliance with the programme and sanctions (49-52)
- Training of directors, managers and employees (53-54)
- Raising Concerns and Seeking Guidance Complaints channels for employees (55-56)

Monitoring:

- Internal controls system (61-65)
- Books and records (66-67)
- Review and internal audit (68-69)
- Review by Audit Committee and the Board (70-71)



Communicating:

- Internal communication (57)
- Guidelines on the Programme (58)
- External communication (59-60)



CAC Declaration's signatory companies



Signatory companies (as of end Dec 2018):	929	
• That number includes:		
- SET listed companies	425	
- Privately-held companies	504	
• Divided by income:		
- More than 10,000 MB.	74	companies
- 5,001-10,000 MB.	34	companies
- 1,000-5,000 MB.	116	companies
- Less than 1,000 MB.	99	companies
• Number of companies certified to date	332	companies

Some foreign companies that have joined



- 1) **Boots Retail**
- 2) **Siemens**
- 3) **AIA**
- 4) **PwC**
- 5) **Rolls-Royce**
- 6) **Halcrow**
- 7) **Tilleke & Gibbins
International**
- 8) **Colliers International**
- 9) **Pfizer**
- 10) **Mercedes-Benz**
- 11) **Sodexo**
- 12) **Yara**

Business Case: Benefits of Fighting Corruption



- **Promote the integrity of doing bussiness in thailand**
- **Corporate culture of integrity & performance**
- **Strengthen corporate brand & reputation**
- **Create a level playing field for the industry**
- **Attract and retain high-quality staffs**
- **Attract and retain long-term investors**

Key Eureka Moments of CAC

- **Business association began joining as a group**
- **Support from big business, regulators, Government 's Anti-corruption Agencies,**
- **Recognition from aboard: Global opinion leaders, private sector agencies, international anti-corruption forums, and foreign governments**

Current Extensions of CAC

- **Building an Eco-System against Corruption**
- **Certified companies encouraging companies in their supply chains to join**
- **Introduced CAC-SME for smaller companies based on proportionality of the same principles.**
- **Advanced CAC level for companies that operate internationally**
- **Rewards and Recognition: companies doing business with the government must have an anti-corruption policy and practice**
- **Extend CAC approach to companies operating in the region to ensure a level playing field.**

Ways forward for Anti-corruption in Thailand

- **Improvement has been sporadic and slow despite a continuous effort and improved awareness of the public about corruption problem.**
- **A key obstacle is in the public sector. There is a need in the public sector for stronger checks and balances, better governance, and greater transparency in the public policy process.**
- **Also, the civil society needs to engage and push for better governance in the public sector through voice and participation.**



Q & A
