

For immediate release**Global survey reveals international companies' widespread failure to keep pace with anti-corruption legislation**

London, 09 September 2013 - An international survey of over 300 senior in-house lawyers, conducted for Control Risks by the Economist Intelligence Unit (EIU), reveals companies have much to do to stamp out corruption within their businesses and ensure they do not fall foul of the increasingly tough stance adopted by regulators.

The survey reveals that:

- **Only 50%** of companies have procedures in place to check the background and reputation of business associates in local and foreign markets, despite the known risks. This "due diligence" process is regarded by law enforcement as a vital measure to prevent corruption.
- **Just 50%** of global companies have policies banning 'facilitation payments' to suppliers and government agencies.
- **37%** do not have a clause in contracts with sub-contractors and consultants forbidding bribes being paid on the company's behalf.

International attitudes to facilitation payments may be changing, but companies can find themselves operating in an awkward transition period where there remains no clear consensus on how to deal with them. Because of inadequate internal processes, companies continue to be vulnerable to employees paying bribes without their knowledge. Companies are also insufficiently prepared should they be required to conduct a corruption investigation.

But bribery risks remain very real. Almost half of respondents thought it was possible, somewhat or very likely that they would need to investigate a suspected violation of anti-bribery laws in the next two years.

Commenting on the survey's findings, Richard Fenning, CEO of Control Risks, said:

"Corruption is one of the most significant challenges for international business. Organisations today find themselves under ever-greater scrutiny, not only from regulators, but also from the media, their customers, clients and employees who are demanding that they be able to demonstrate that they operate ethically and with integrity. Yet, despite tougher anti-corruption legislation being enforced ever more rigorously, standards of governance remain at best inconsistent.

"This is a challenging world for business - good companies may wish to comply with their countries' anti-corruption laws, but are disadvantaged by competitor companies not playing by the rules. But the impact of not having proportionate anti-corruption policies in a company can be severe – threatening their reputation and operations."

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Prevention: more work is needed

Many companies are risking their reputations by not implementing internal procedures to prevent the use of bribery by employees. Responses to the survey suggest that there may be major gaps in the anti-corruption initiatives that companies are introducing. Only 40% of respondents currently have whistleblowing lines where employees can make confidential reports on concerns relating to corruption. Companies can no longer claim ignorance of a third party paying bribes on their behalf if they have done nothing to prevent such malpractice in a high-risk environment. This makes it all the more surprising that only half of respondents expect to increase their investment in mitigating bribery and corruption risk in coming years.

The biggest concern: pressure to pay

The majority of respondents cited small 'operational' bribes as the main cause for concern. By contrast, less than a third referred to the 'classic' corruption risks associated with winning business, such as demands for bribes to secure contracts. Resisting demands for small bribes requires a combination of concerted top-level leadership, and day-to-day ground-level determination and ingenuity. This is likely to be a major challenge for years to come, which justifies its rank on the corporate agenda.

Suspected violations: would you 'self-report'?

When companies come across evidence that an employee may have paid a bribe, they need to decide whether to disclose the incident to the authorities and, if so, when. The majority of respondents said they were now more likely to self-report to regulators if they came across a suspected bribery case involving an employee than they would have done in the past. Just over half of respondents said that, if a suspected bribery violation came to their attention, they would report their suspicions to the regulators first – even if the details were uncertain – and then conduct the investigation.

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To receive the full report and for more information please contact:

Georgina Parkes

Group Communications Director

T: +44 20 7970 2318

Email: georgina.parkes@controlrisks.com

Andrew Pickford

Senior Communications Manager

T: +44 20 7940 1916

Email: andrew.pickford@controlrisks.com

Notes to editors

About the survey

In April 2013, Control Risks and the EIU conducted a survey among general counsels and senior in-house lawyers from some of the world's largest companies. The 316 respondents were asked how they assess integrity risks, how they prepare employees to resist corruption, and how they manage corruption investigations.

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About Control Risks

Control Risks is a global risk consultancy specialising in political, security and integrity risk. The company enables its clients to understand and manage the risks of operating in complex or hostile environments. Through a unique combination of services, wide geographical reach and by adopting a close partnership approach with clients, Control Risks helps organisations effectively solve problems and realise new opportunities across the world. www.controlrisks.com