

The Year of Global Expansion and Enforcement

2016 Anti-Bribery and Corruption Benchmarking Report



Inside:

- The Magnitude of Risk
- 2016 Predictions
- Stakeholder Involvement
- Third Parties and Due Diligence
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Introduction



Lee Kirschbaum
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It is with great pleasure that we present to you ***The 2016 Anti-Bribery and Corruption Report: A Year of Global Expansion and Enforcement*** (the “ABC Report”), a joint project between Kroll and Ethisphere highlighting key anti-corruption and bribery trends affecting companies worldwide.

Thanks to the input from hundreds of compliance leaders from around the globe, we can now share with you the perceived strengths and weaknesses of today’s anti-corruption programs, the focus of anti-corruption experts going forward, and the risk mitigation practices being employed by various companies.

First published in 2011, the ABC Report provides compliance professionals with a comprehensive view of the types of bribery and corruption risks encountered by businesses every day, as well as the data to advocate effectively within their organizations. We launched this year’s survey in January 2016 to a global audience, asking a variety of questions about third party due diligence, stakeholder engagement, as well as merger and acquisition activity. We also included open response questions to enable survey-takers to express their thoughts more directly. Anti-bribery executives worldwide responded to our invitation to take the survey, and we collected 267 qualified responses from senior-level executives working in ethics, compliance, and/or anti-corruption. These respondents hailed from scores of industries, both public and private companies with operations around the world. We are grateful for their participation.

The ABC Report reveals several clear trends, many of which correlate to broader market developments. For example, compliance officers are facing pressures from the global growth and geographic expansions of their organizations, as well as continuing enforcement of anti-corruption and bribery laws around the world. And, the universe of third parties with which a compliance team must grapple remains large — nearly half of respondents are reportedly working with more than 1,000 third parties, and many respondents expressed concern with their ability to identify and prevent misconduct among this important risk segment.

Fortunately for compliance officers, as anti-corruption efforts tie more deeply into broader company strategy and business trends, the ABC Report indicates that there is a growing awareness of the challenges and their significance. Further, executive teams are increasingly supportive of their company’s anti-corruption programs. Respondents who reported high levels of engagement by their leadership and board members were significantly more likely to express confidence in their ability to detect misconduct and satisfaction with the resources allocated to their efforts.

All of this and much more is set forth in this supplement. We hope the information serves as a guidepost for ongoing efforts to continue to develop best-in-class anti-corruption and bribery programs that protect both organizations and the integrity of global business.

Throughout this report, the term “anti-bribery and corruption” and the reference “ABC” are intended to encompass compliance efforts to mitigate the risks of both bribery and corruption in global business transactions.



Executive Summary

We are witnessing an evolution in anti-bribery and corruption compliance, both in the maturation of company programs and in global regulatory expectations. Advancements can especially be seen at the C-suite and board level, where engagement is trending up. Greater executive and board involvement, combined with a heightened appreciation of reputation-related risks, is driving a greater understanding that doing business the right way is the most effective path to sustainable and profitable growth. From the other side of the table, global regulators are being more transparent and deliberate in their guidance and expectations, and companies are responding.

Despite some of these positive developments, the vast majority of respondents reported that in 2015 they were either as concerned (60 percent) or more concerned (31 percent) about bribery and corruption risks than in prior years. Compliance officers are feeling the pressure not only from changes inside the business, such as global expansion and the resulting increase in the sheer number of third party relationships, but also new signs from regulators throughout the world with respect to imposing personal liability on corporate executives for the bad behavior of their corporate entities. So, despite the significant strides made in some areas, there remain sizeable opportunities for improvement:

- Bribery and corruption risks and associated programs to reduce these risks are evolving, but not consistently.** Almost half of respondents (40 percent) believe their organization's bribery and corruption risks will increase this year. The reasons cited by respondents for the increased risk include their own global expansion (55 percent), increases in the number of third party relationships (54 percent), and increased enforcement of existing regulations (51 percent).

One tremendous development has been in the area of board and CEO engagement with their organization's anti-bribery and corruption agenda. Close to half of respondents (47 percent) noted that their company's leadership is highly engaged in anti-bribery and corruption efforts. But substantial numbers still cannot say whether their board (33 percent) or own CEO (26 percent) is involved, leaving considerable room for improvement in this critical area.

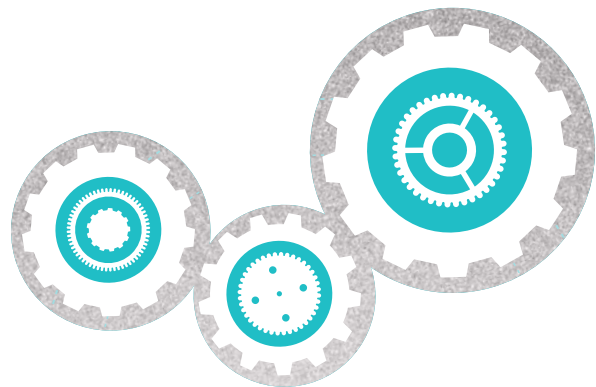
Other problematic areas that raise questions about the effectiveness of current corruption risk mitigation strategies include findings that (1) half of respondents do not conduct third party audits (48 percent), and (2) only a third (34 percent) say they are providing training to third parties (high-risk or otherwise), which is a decline from last year.

- Third parties represent a persistent risk, but some pitfalls are preventable.** When one considers that three out of four foreign bribery cases¹ involved payments through third parties, any lack of confidence in detecting third party violations is troubling. The volume of third parties engaged by organizations remains high (47 percent deal with more than 1,000 third parties, and 17 percent deal with more than 25,000), but confidence in identifying third party malfeasance is not strong. Fully one in four respondents was not confident at all in their company's current controls to identify third party violations of anti-corruption laws. Meanwhile, almost half of respondents (47 percent) report that they do not have enough resources to support their organization's anti-corruption efforts. Taken together, these findings indicate that respondents are expected to be doing much more with less, and that traditional, manual methods of managing third party corruption risks may not stand up in the face of increasing volumes.

When asked why they thought legal, compliance, or ethics issues had appeared with third parties — even when they had performed due diligence — respondents reported that the due diligence had not

been comprehensive enough (48 percent), issues that arose during diligence were not adequately addressed (42 percent), and 43 percent reported “other” issues, including several respondents citing the pressure to complete due diligence quickly. The good news is that to a great extent, these pitfalls are all preventable or surmountable with the proper alignment of risk with resources.

- Organizations are “buying” risks along with their M&A transactions.** 2015 was a huge year for M&A activity, and therein lies the rub for compliance officers. While M&A represents key growth opportunities for the business, compliance officers rarely, if ever, participate in the transaction early enough to be able to exert any influence. Consequently, there was a striking difference between the kind of diligence conducted on “everyday” third parties (very comprehensive) and the diligence conducted on transaction targets (less comprehensive). Furthermore, only 72 percent of respondents indicated that they had any anti-corruption measures or programs in place for such transaction targets (as compared to 83 percent responding they had such programs in place for third parties).
- Concerns over personal liability are growing.** Almost one-third of respondents (29 percent) indicated that they are more concerned with personal liability than they were in prior years. After the September 2015 release of the so-called “Yates Memo” by the U.S. Department of Justice, which demonstrated a renewed focus on holding individual corporate officers criminally accountable, it is perhaps surprising that this number is not greater. This is a developing trend we expect to see compliance professionals, and company boards, grapple with now and in future years.



¹ OECD (2014), OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials, OECD Publishing.



The Magnitude of the Risk And 2016 Predictions

Anti-bribery and corruption remained a key concern for responding organizations in 2015.

The vast majority of respondents reported that in 2015 they were either as concerned (60 percent) or more concerned (31 percent) than in prior years. Only three percent of respondents reported that they spent less time on anti-corruption issues in 2015 than in prior years, and only nine percent of respondents reported that they were less concerned about organizational liability in 2015 than in prior years. Looking forward, the picture is primarily the same, with 56 percent

predicting they will devote as much time to anti-corruption issues as in the prior year.

Given the focus many respondents have on anti-corruption, it is heartening to learn that 47 percent of respondents felt they were appropriately prepared and 35 percent moderately prepared to mitigate anti-bribery risks. Only 11 percent of respondents reported that they feel unprepared to address such risks.

Many respondents are conflicted as to whether these risks will continue to grow at the pace seen in prior years.

Looking forward, a greater number of respondents this year versus last year (52 percent versus 29 percent) indicated that they expected their risks to remain steady, while fewer than last year (40 percent versus 51 percent) predicted an increase in risk. Interestingly, the primary drivers cited for an increased perception of risk did not include new regulations, but rather global expansion (55 percent), increases in the number of third party relationships (54 percent), and increased enforcement of existing regulations (51 percent). For those who predicted a decrease in risk, the primary reasons reflected a faith in program investments (investment in training and policies at 76 percent, and in due diligence at 71 percent).

These results may reflect how both ABC programs and regulatory guidance have been maturing over the past few years. “Everyone waited for a long time for the 2012 DOJ/SEC Resource Guide to the FCPA,” says Joseph Spinelli, Senior Manager Director with Kroll. “Now they have it, and are on notice as to what needs to be done. As a result, companies are more proactive.”

But, another factor may also be driving the difference in perception of risk. Respondents who reported high levels of involvement from their leadership team and board of directors were twice as likely to believe that the risks would remain steady or drop as those who reported lower levels of C-suite engagement. As discussed further in the “Stakeholder Engagement” section below, the degree to which executive management is engaged in the ABC program has, not surprisingly, a significant impact on the success of the program.

As in prior surveys, “bribery” was the type of misconduct identified most often as falling under the rubric of corruption at 96 percent. A substantial percentage of respondents also reported “money-laundering”, “bid-rigging”, and “price-fixing” as falling into the purview of corruption (at 69 percent, 66 percent, and 61 percent, respectively).

“Everyone waited for a long time for the 2012 DOJ/SEC Resource Guide to the FCPA. Now they have it, and are on notice as to what needs to be done. As a result, companies are more proactive.”

— Joseph Spinelli,
Senior Manager Director, Kroll

Coverage of conflict minerals and human trafficking trailed behind the four key subject areas again this year, although human trafficking did gain two percentage points over 2015. That may be a continuing trend. Among the leading companies recognized as Ethisphere’s 2016 World’s Most Ethical (“WME”) Companies, 47 percent maintain human trafficking policies, and 35 percent have procedures in place to prevent agents and subcontractors from engaging in trafficking and other forced labor practices and to terminate those who do so. As Kevin Braine, Managing Director and Head of Kroll’s Compliance Practice in EMEA points out, “this is a hot topic across continental Europe, driven by the UK Modern Slavery Act and a desire to be able to say we are a better company now than we were a year ago.”

The data suggests that companies that dedicate less than half of their compliance resources on anti-bribery and corruption-related concerns almost universally feel unprepared to deal with the strain of complying with global regulations. Nevertheless, companies continue to stretch compliance resources to support their anti-bribery programs, with 48 percent reporting they spent no more than 25 percent of their time, budget, and resources on anti-bribery programs.

Similar to the varied levels of perceived preparedness in addressing global anti-corruption risk, respondents report varying degrees of confidence in their own company’s controls to identify different types of impropriety. Respondents are most confident in identifying violations

of anti-corruption laws caused by internal sources (43 percent) as opposed to instances caused by a third party, the area the respondents felt least comfortable in catching. A quarter (25 percent) were not confident at all in their company's current controls used to catch these third party violations, and 55 percent were only slightly confident. This is particularly pertinent given that third party issues were present in more than 75 percent of foreign bribery cases². This is an area where regulatory expectations are clear, and these numbers reflect the significant challenges companies can face. Spinelli notes that certain recent FCPA enforcement actions "clearly show in each action what the government is looking for."

Confidence in detecting books-and-records violations fared only slightly better, with 36 percent reporting high confidence in their ability to detect them, and 52 percent reporting slight confidence. This was a significant increase over last year, when approximately half of respondents reported feeling less than confident. The improvement may reflect the increased attention this issue has been receiving following multiple enforcement actions by the Securities and Exchange Commission. The survey data showed a very strong correlation between an actively involved chief financial officer ("CFO") and confidence in catching books-and-records violations. While only 9 percent of respondents with engaged CFOs reported a lack of confidence, 75 percent of respondents who were not able to determine whether their CFO was involved reported a lack of confidence in their ability to detect books-and-records violations.

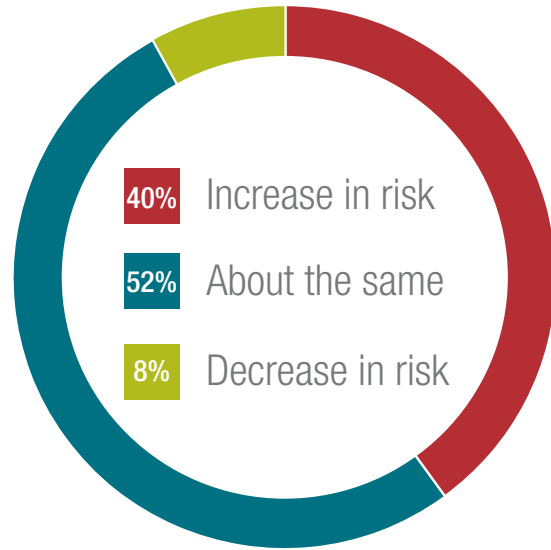
Looking forward, a majority of respondents cited factors outside the company as representing the biggest risk to their anti-corruption program in 2016. This was followed by a lack of resources, and a lack of monitoring. "External risks are the sensible risks

to target," says Steve Bock, Kroll Managing Director, and Head of Compliance Research and Operations. Bock went on to state that "unfortunately, there is no silver bullet or black box when it comes to monitoring. Companies need to analyze their resources and address their risks. There is no one-size-fits-all approach, but at the end of the day you can't improve what you don't measure."

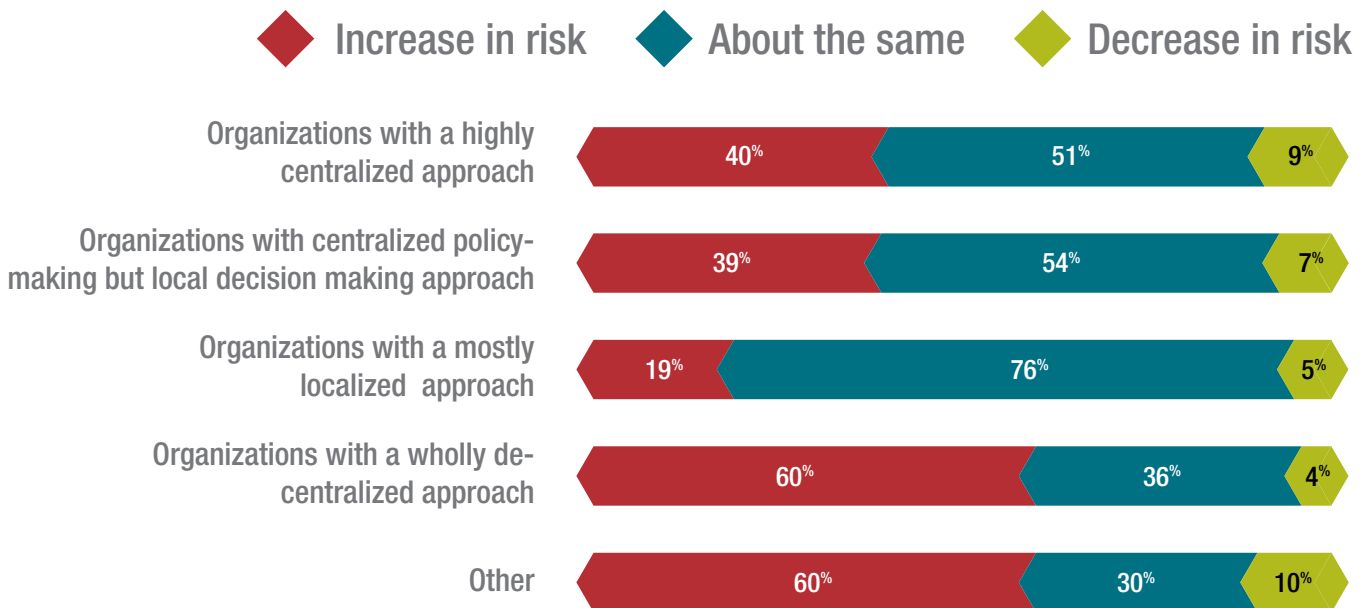
Noting a risk that strikes closer to home, nearly one-third of respondents (29 percent) said they are more concerned with personal liability than they were in prior years. After the release of the Yates Memo in the United States in September 2015, which demonstrated a renewed focus on holding individual corporate officers accountable, it is perhaps surprising that this number is not greater. Indeed, a review of recent enforcement activity illustrates that more executives, whether from the United States or a foreign country, have been charged and prosecuted in the past several years than any other time since the inception of the FCPA. There is a strong correlation between respondents who expressed the most concern about personal liability going into 2016 with organizations that have wholly de-centralized anti-bribery and corruption policy and decision-making processes. While only 19 percent of respondents from organizations with centralized processes were more concerned about personal liability in 2016, over half (52 percent) of respondents from organizations with de-centralized processes were more concerned. As Spinelli says "for an anti-bribery compliance program to be construed to be "effective" by DOJ & the SEC, it must be cohesive and centralized, and truly possess an organizational culture that promotes a consistent commitment to compliance with the law".

²Ibid.

How do you believe your organization's anti-bribery and corruptions risks will change in 2016?



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Stakeholder Involvement

Respondents reported increasing levels of engagement from the executive team, with the vast majority reporting that their leadership was highly engaged (47 percent) or somewhat engaged (44 percent) with their organization's anti-corruption efforts.

When asked specifically about which internal stakeholders play active roles in developing the anti-bribery and corruption program, the results were both encouraging and surprising at the same time.

Over half (54 percent) cited their board of directors as playing an active role, with 48 percent saying the same of their CEO.

Meanwhile, the internal stakeholder most often cited as having a leading role in program development was that of the chief financial officer (86 percent). This may be directly related to the decrease noted earlier in books-and-records challenges, as well as a growing recognition that the finance and compliance functions must be well-coordinated in their anti-bribery and corruption efforts, as noted in last year's ABC Report. Robert Huff, Managing Director with Kroll, stated "we see when companies are activating their compliance programs and their third party vetting program, there is a cost associated with that." Huff went on to say, "Finance departments need to understand the risks posed to the company from compliance violations as much as compliance needs to recognize the impact of making budgetary decisions."

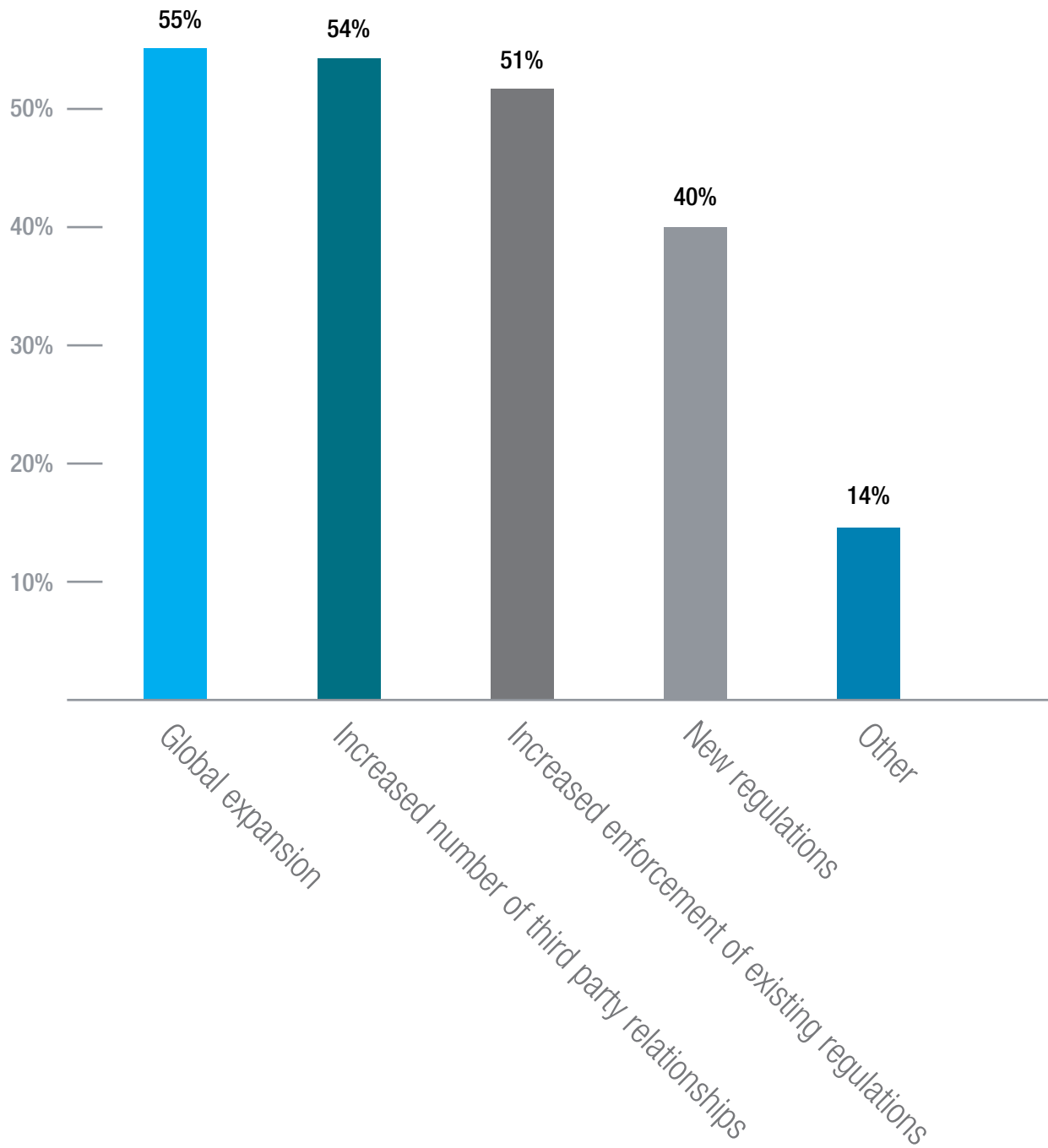
This degree of C-level engagement is a tremendous development in providing a strong tone at the top and support for an effective program. As Bock notes, "people want to deal with people and companies who are ethically sound. It should not just be preached, but practiced."

But a substantial number of respondents still cannot say whether their board (33 percent) or own CEO (26 percent) is involved, leaving considerable room for improvement in this critical area. These organizations should take note: there was a significant correlation between the perception of risk and board-level engagement. The more engaged the board and leadership team were, the more likely respondents were to say they believe their anti-bribery and corruption risk will decrease or remain the same in the coming year.

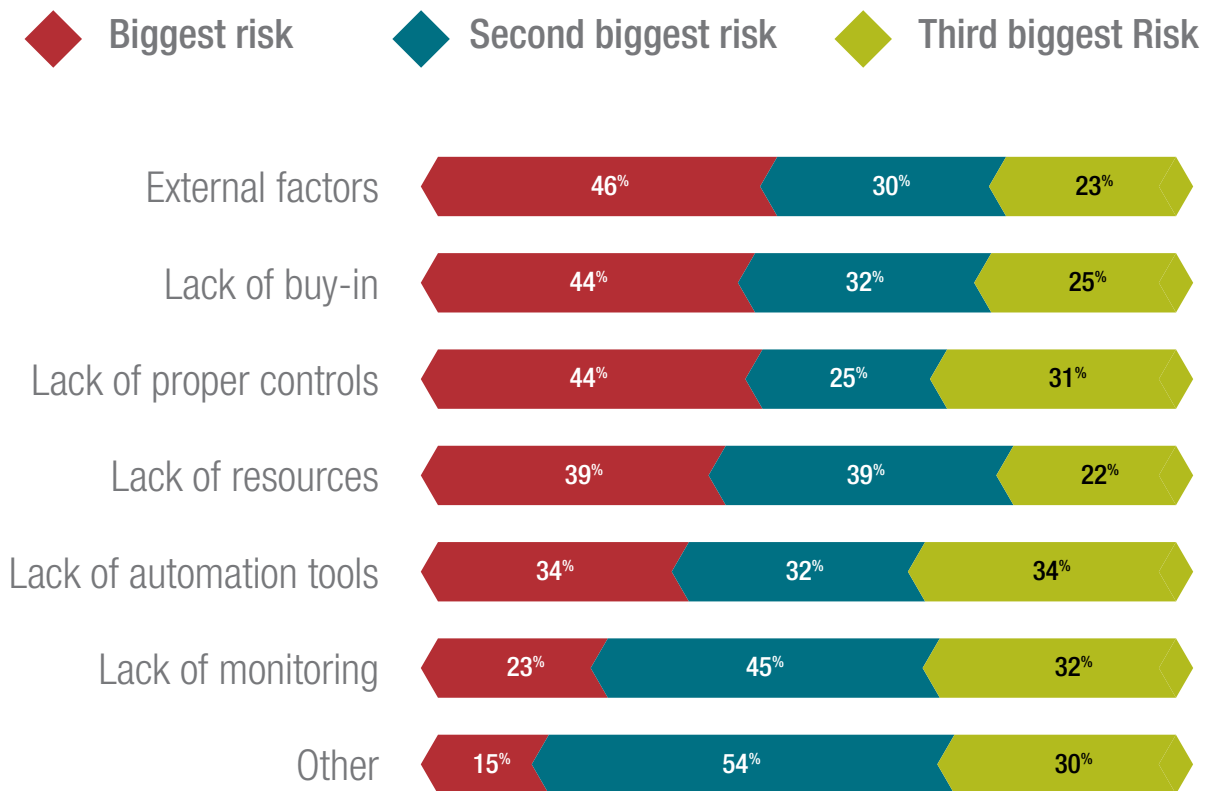
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— Steven Bock,
Managing Director,
Kroll Compliance

Why do you believe your organization's anti-bribery and corruption risk will increase in 2016? Please select all that apply.



What do you perceive to be the top three biggest risks to your anti-corruption program in 2016?





Third Parties and Due Diligence

At best, 80 percent of respondents were only slightly confident in their ability to catch third party issues, the leading risk identified in this year's survey (55 percent are slightly confident; 25 percent are not confident).

This is even more concerning given the sheer volume of third parties that companies must manage. Indeed, more than 70 percent of the respondents report doing business with more than 100 third parties, nearly half (47 percent) report engaging with at least 1,000 third parties in a given year, and 17 percent report engaging with more than 25,000 third parties.

Diligence on that kind of volume can be a daunting exercise, and companies are struggling to manage and prioritize their diligence efforts. As noted "The number

of third parties is really the biggest challenge for legal and compliance — how much is enough," says Violet Ho, Senior Managing Director, Kroll Greater China.

"When companies are looking at due diligence, they are thinking about how much coverage do we have. I see daily struggles by legal counsel or compliance officers to achieve this balance." The answer that has increasingly gained traction — and is aligned with regulatory guidance — is to use a defensible risk-based methodology in order to determine the proper levels of diligence to perform.

As any compliance professional can attest, issues can still arise regardless of their best laid plans.

We asked compliance professionals whether they had experienced legal, compliance, or ethics issues with third parties even when they had performed their due diligence. The results were both illuminating and actionable. Where the response was affirmative, the most commonly cited reasons for issues arising included that the due diligence had not been comprehensive enough (48 percent); issues that arose during diligence were not adequately

addressed (42 percent); and “other” (43 percent). Among the “other” responses, several respondents cited the pressure to complete due diligence quickly, and others noted the lack of transparency on the part of the third party. “This boils down to a clear trend,” says David Liu, Managing Director and Head of Kroll’s Compliance Practice in APAC. “Most issues are avoidable with a clear and thorough scope of diligence, enough time to complete that diligence, and a clear communication to the third party that their honesty and transparency is both critical and expected.”

When respondents were asked to identify common reasons their third parties failed to satisfy due diligence requirements, the three most commonly selected responses aligned with the previous years’ survey findings: general reputational concerns, questionable relationships with politically exposed persons, and unusual contract and payment structures.

Seventy-five percent of responding organizations rely on contracting provisions to set compliance expectations. A little more than half require acknowledgement of a third party code (54 percent) and about half (52 percent) require acknowledgement of their organization’s corporate code of conduct. The practice of maintaining a third party code that is separate from but in harmony with an organization’s code has been growing in popularity in recent years, and for good reason. “Primarily, that’s because there are a number of topics covered in a company’s code that are inapplicable to a third party,” says Erica Salmon Byrne, EVP of Governance and Compliance at Ethisphere. “That is why we see 82 percent of the 2016 WME Company honorees reporting that they maintain a separate third party code. They are seeking to mitigate risk by focusing on the key topics that matter to a third party and simplifying their processes to make them easier to understand and adhere to. Otherwise, you increase the likelihood of someone signing and discarding the code, which does not deter risk.”

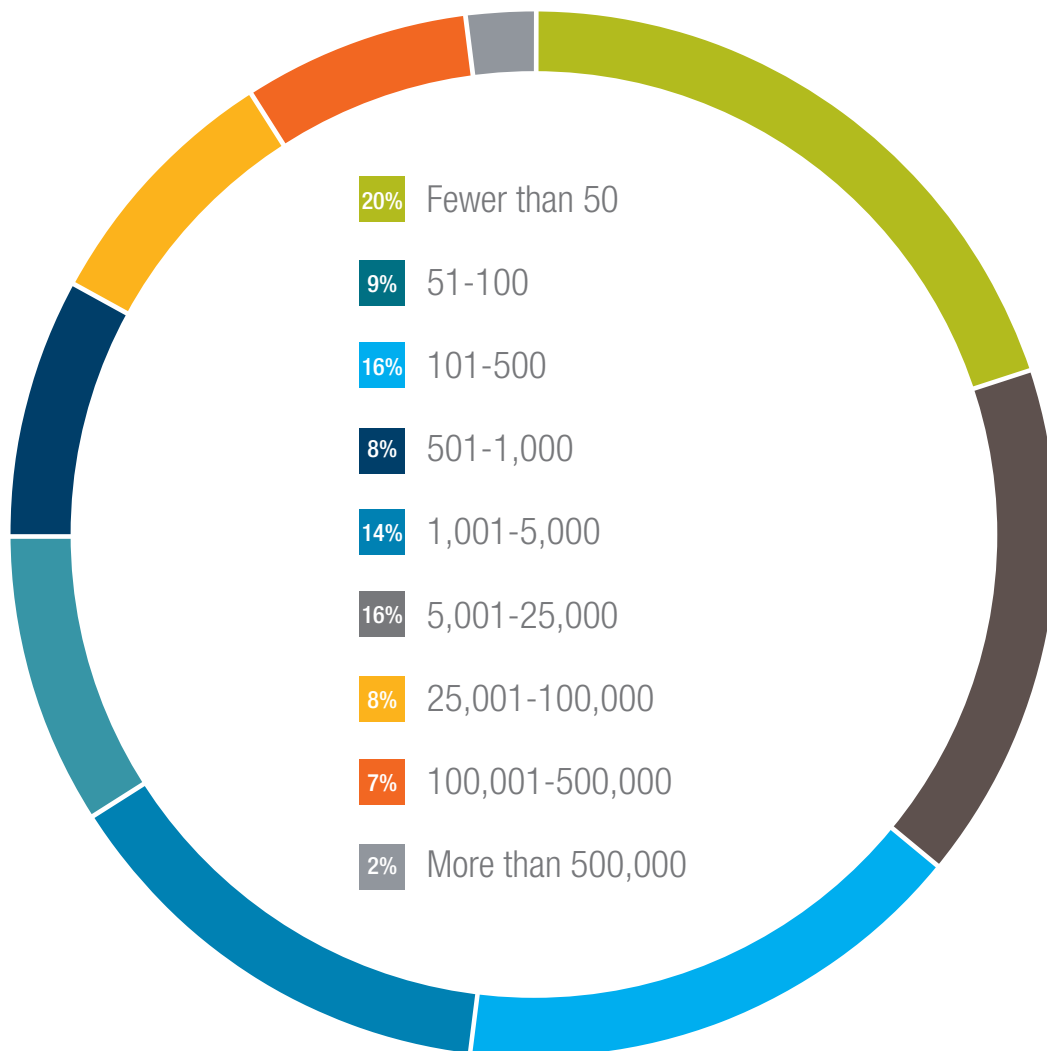
“Primarily, that’s because there are a number of topics covered in a company’s code that are inapplicable to a third party. That is why we see 82 percent of the 2016 World’s Most Ethical Company honorees reporting that they maintain a separate third party code. They are seeking to mitigate risk by focusing in on the key topics that matter to a third party and simplifying their processes to make them easier to understand and adhere to. Otherwise you increase the likelihood of someone signing and discarding the code, which does not deter risk.”

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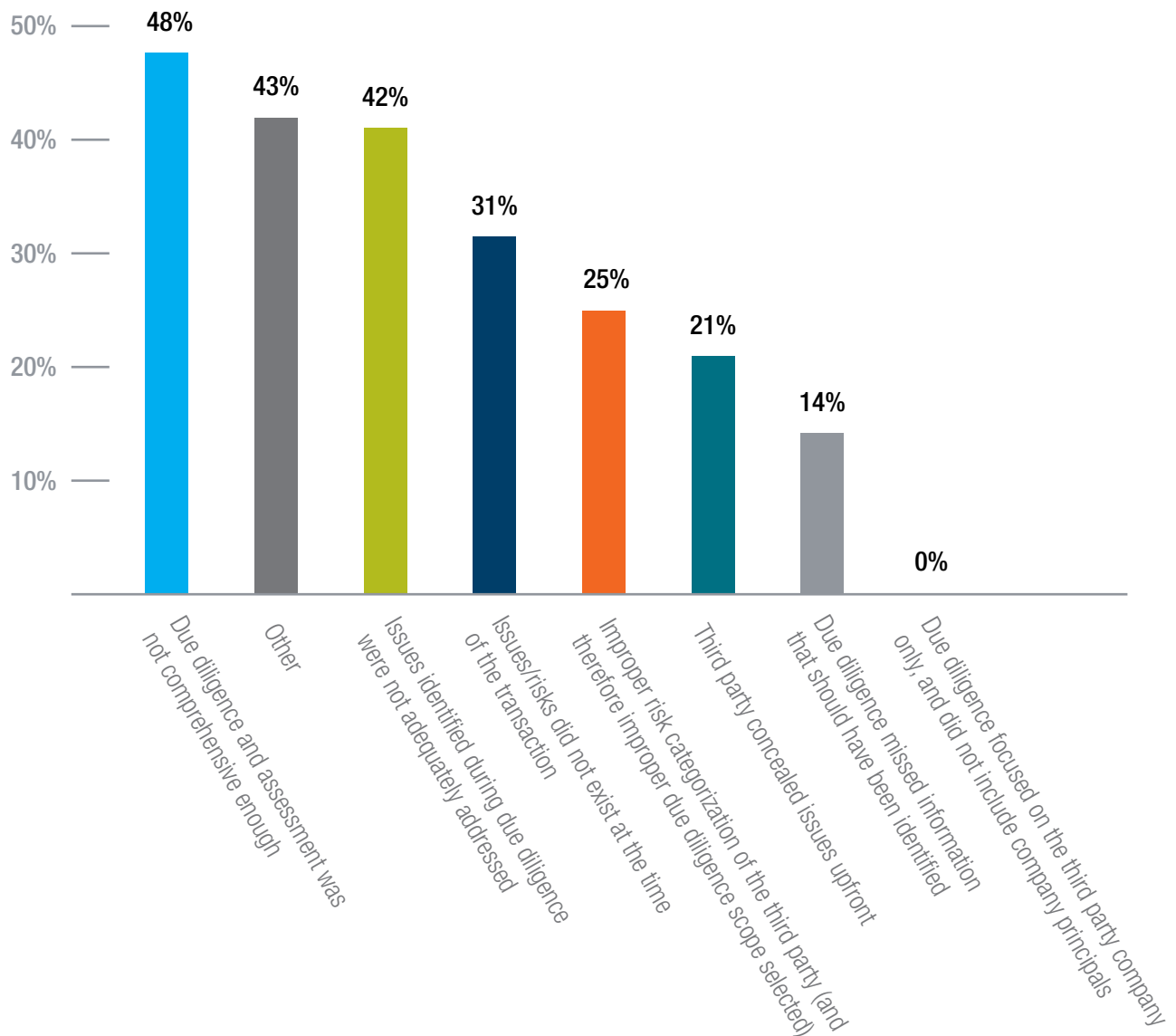
Despite the increased emphasis on corruption risk in the coming year, fewer respondents are providing ethics and compliance-based training to their third parties. Forty-two percent of respondents indicate at least some ethics and compliance communications target third parties, but only 34 percent of respondents provide training to their third parties. This is a decline from last year’s results, where 52 percent of respondents were training their third parties, and presents a significant risk for organizations — but according to Spinelli, also a clear area of opportunity for improvement. “Companies are already investing in anti-bribery education and

communication for their employees, and as noted in last year’s report, tremendous progress has been made in training employees,” says Spinelli. “Extending those resources to key, high-risk third parties is an effective and efficient way to mitigate a significant risk and comply with FCPA Opinion 08-02.” As one of the Asia-based survey participants noted, “Often a third party may assume that they are conducting business properly on behalf of a company, when in fact some of their actions may be unacceptable and non-compliant.” The only way to counter such erroneous assumptions is through dedicated and specific third party training.

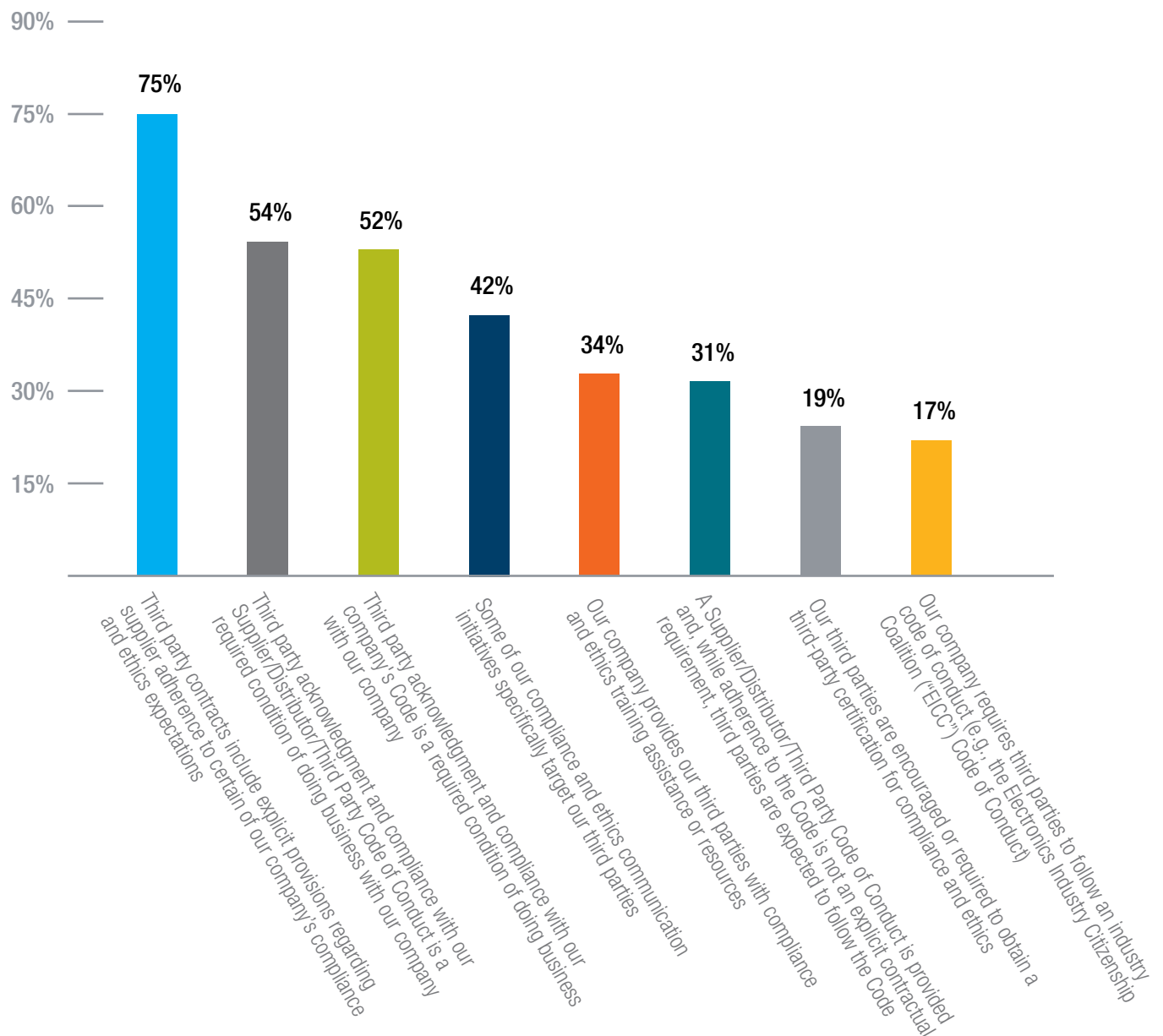
How many third parties do you do business with in a given year?



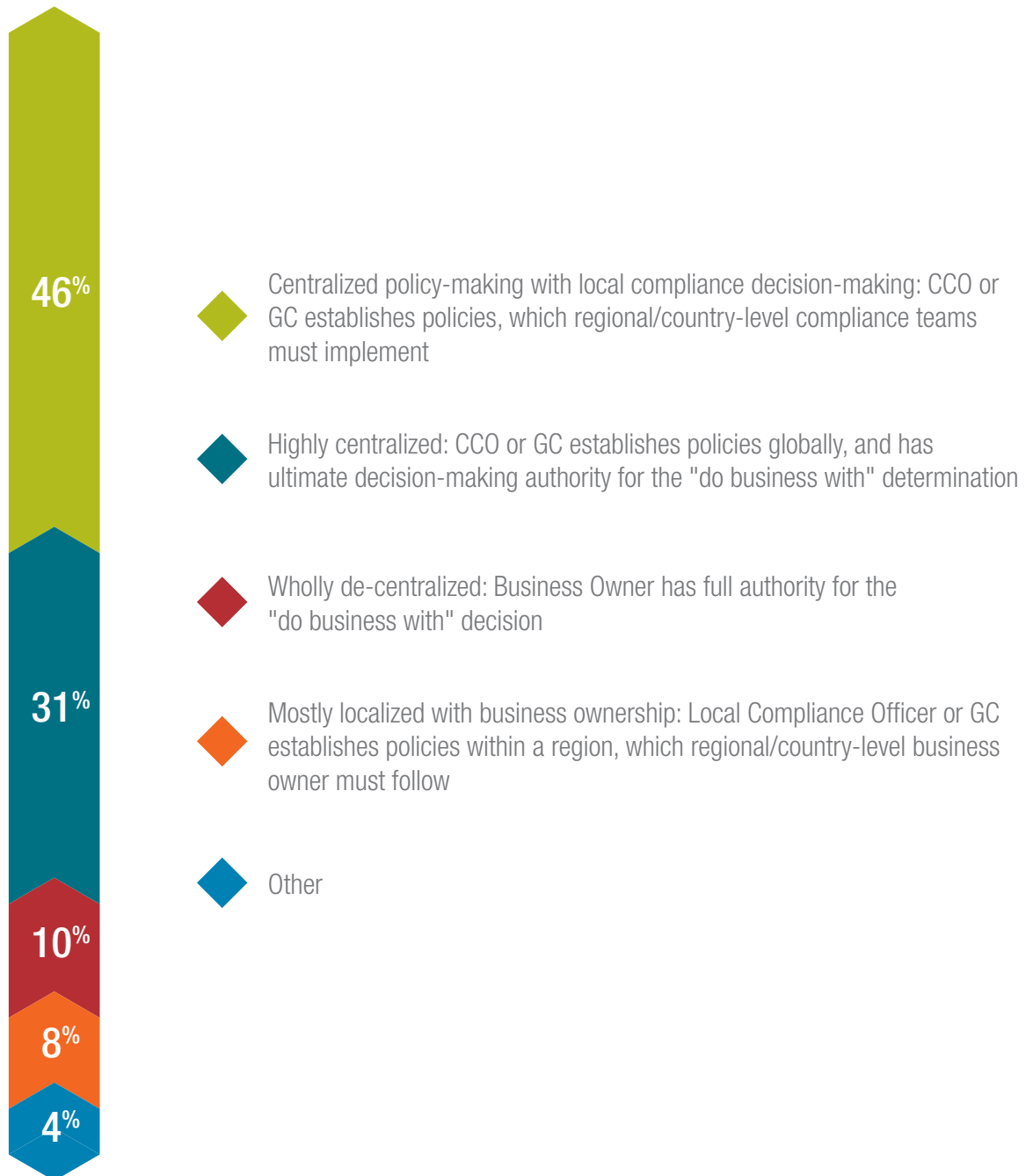
If you experienced an occasion when legal, ethical or compliance issues were identified in relation to a third party on whom due diligence had already been conducted, why do you think this occurred? Please select all that apply.



How does your company establish its compliance and ethics expectations and requirements of third parties that pose a material compliance, ethics, and/or reputation risk? Please select all that apply.



Which of the following best describes your organization's approach to policy and decision-making with respect to determining whether or not to do business with a third party?





The Gap Between Treatment of Third Parties and Transaction Targets

Reflecting a record year for mergers and acquisitions globally in 2015³, nearly two-thirds of respondents (62 percent) reported that they engaged in M&A, joint venture, or other investment-related activity during this period.

There was a striking difference, however, between the kind of diligence they conducted on third parties and the diligence they conducted on transaction targets. The

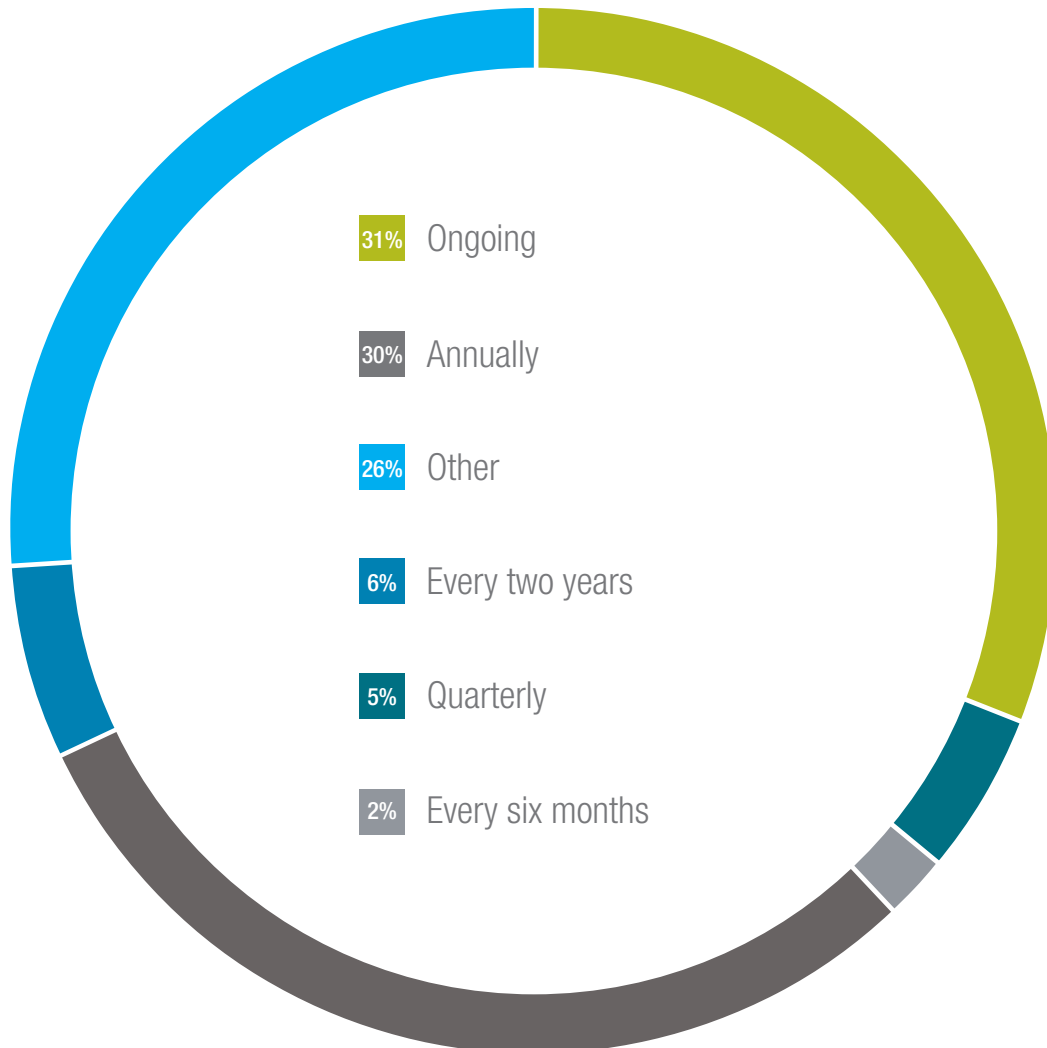
responses revealed that while 95 percent of respondents collected ownership information from third parties, only 74 percent collected such information for transaction targets.

This offers an obvious opportunity for companies to improve their anti-corruption efforts. M&A activity can often result in “buying a problem,” either because of an actual violation or because of significant cultural gaps. In addition, the acquired organization can often have a significant universe of third parties of its own, exacerbating any diligence or communication issues that may already be in place at the acquiring company. Unfortunately, compliance officers rarely, if ever, participate in the transaction early enough to be able to exert an influence.

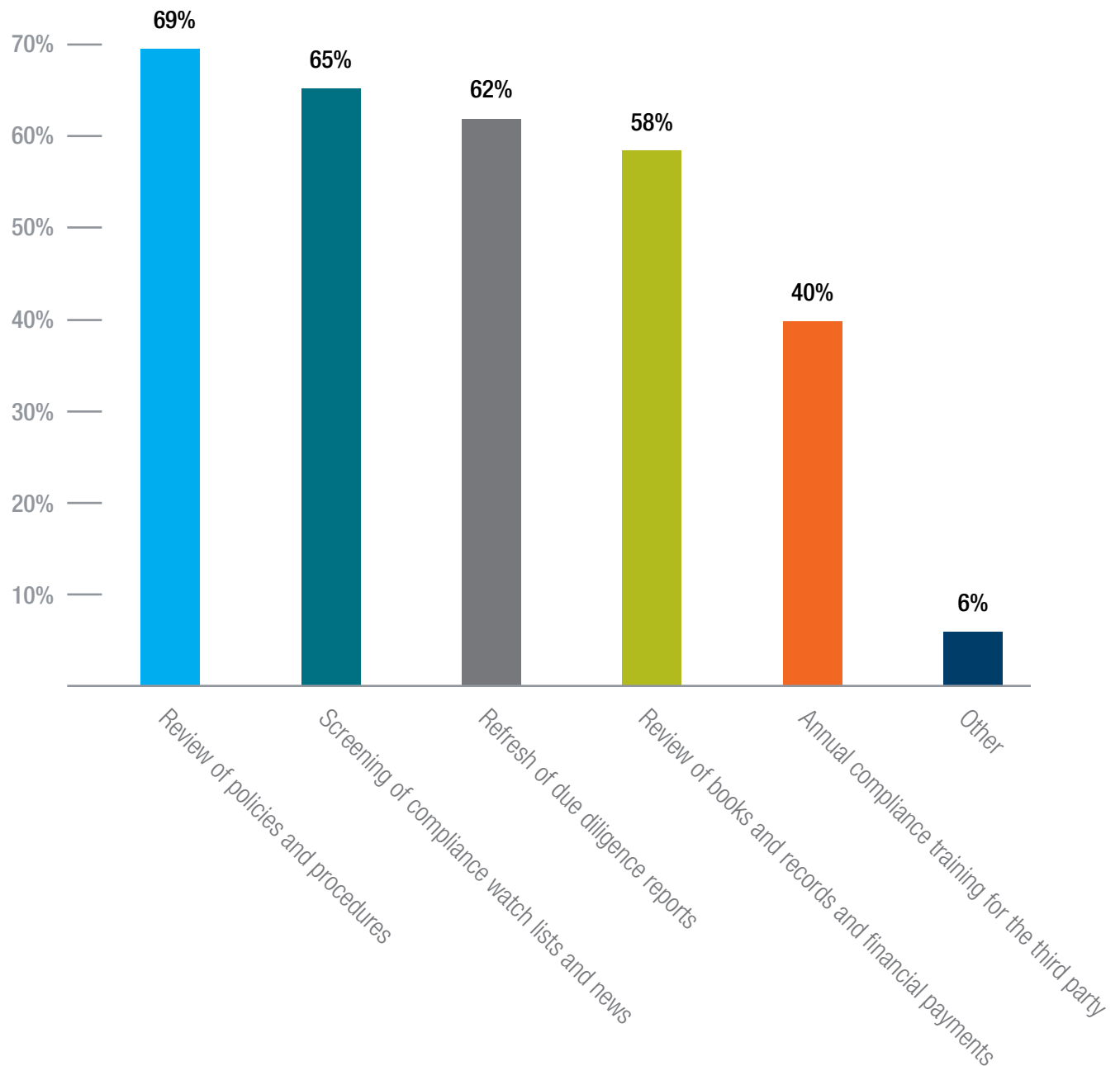
³<http://www.bloomberg.com/news/articles/2016-01-05/2015-was-best-ever-year-for-m-a-this-year-looks-pretty-good-too>

“The pressures associated with ‘getting a deal done’ are not that different from those associated with bringing a key third party on board. What is needed is a recognition on the part of organizations that it is better to know your problems in advance,” adds Salmon Byrne. “After all, there are numerous examples where companies either mitigated an issue by self-disclosing in advance, or ensured they were not over-valuing a transaction target by uncovering issues prior to close.”

How often do you conduct the audits or monitoring?



What do you include as part of the periodic audit or monitoring?
Please select all that apply.





Staying on Top of Your Risks

The respondent pool was split nearly in half on the question of audits of third parties, with 52 percent reporting they conduct them and 48 percent reporting they do not.

By contrast, 78 percent of the 2016 WME honorees conduct such audits. This again presents a significant area for improvement. After all, when issues occurred with an organization, the most common reason given was a failure in diligence (or diligence being too rushed), which is precisely the kind of concern an audit can be expected to uncover.

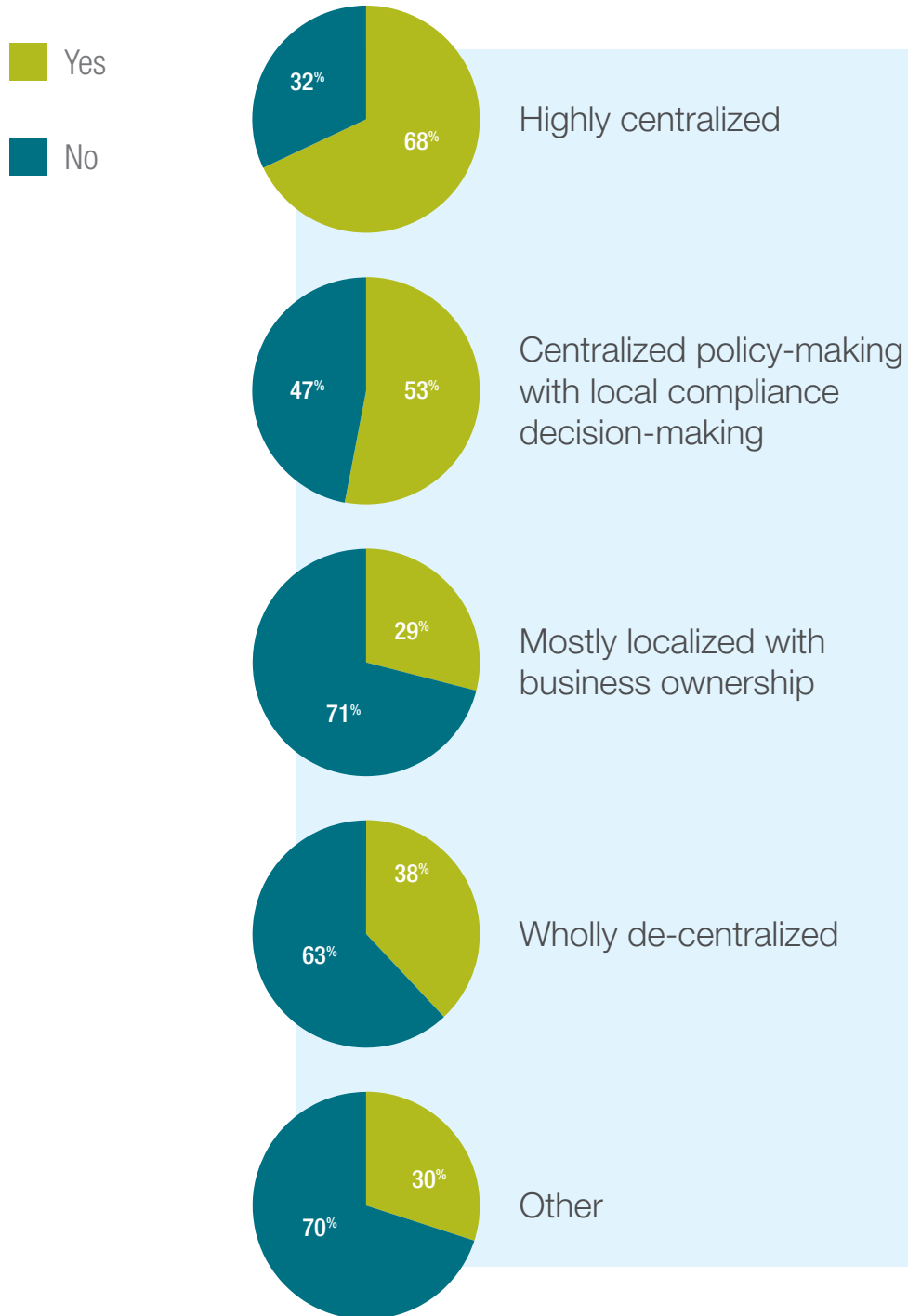
For those who are conducting audits, about a third perform them annually, another third engage in ongoing audits, and 26 percent answered “other,” which most often turned out to be some variation of “driven by risk.” According to Lee Kirschbaum, President of Kroll’s Compliance business, this is a sensible approach. “Risk-based is not only a way to make sense of your diligence process,” says Kirschbaum, “but also an excellent way to target companies for monitoring and auditing.” Nearly 70 percent of respondents who conduct monitoring answered that they review policies and procedures. Other tactics include screening third parties against watch lists (65 percent); refreshing due diligence reports (62 percent); reviewing books and records and financial payments (58 percent); and conducting annual compliance training (40 percent).

One of the most interesting results in this year's survey was the correlation of company preparedness to head-off bribery risks with having a centralized approach to policy and decision-making.

Nearly four out of five companies (77 percent) either centralized or highly centralized policy- and decision-making at the company headquarters, while 18 percent either left the decision to the local business owner (10 percent) or local compliance or legal professionals (8 percent). This level of centralization was directly related to the respondent's perception of preparedness, with centralized organizations reporting they felt prepared for anti-bribery and corruption risks at twice the rate of organizations with decentralized programs. Finally, organizations following a de-centralized approach were five times as likely

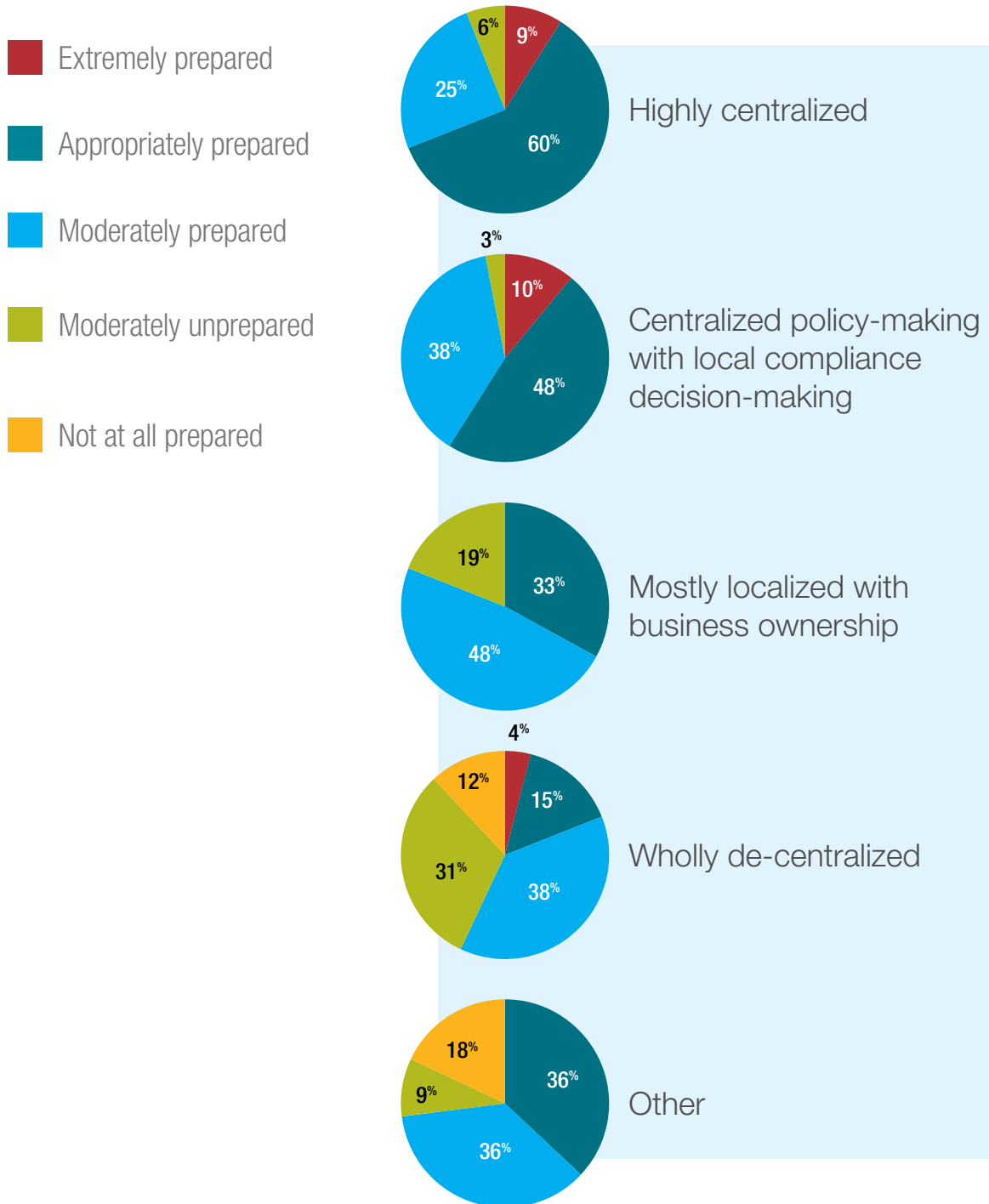
to report little confidence in their ability to detect third-party violations of anti-corruption laws. But these respondents may be suffering from a false sense of security. "The problem is that [bribery and corruption] risks relate to units which are, in all likelihood, located in foreign countries where monitoring is difficult and rarely contemporary. You may not catch a problem until an audit months later (if not a year or more) and by then people have moved on and deals have finished and can't be unraveled," said one Micronesia-based respondent. This respondent went on to say, "language difficulties and cultural differences add an additional layer of opacity that is sometimes impossible to factor into the compliance program you want to impose. Going back to centralized decision-making starts to look better and better."

Do you believe you have enough resources to support your organization's anti-corruption efforts?

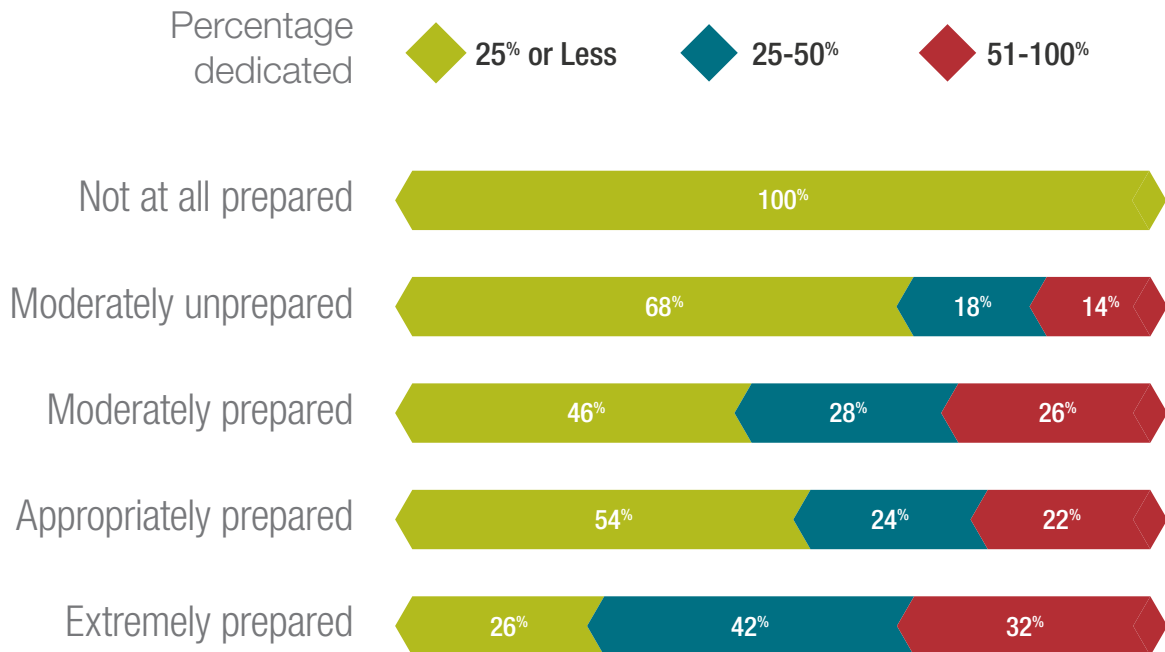


Organized by organization's approach to determining whether to do business with a third party

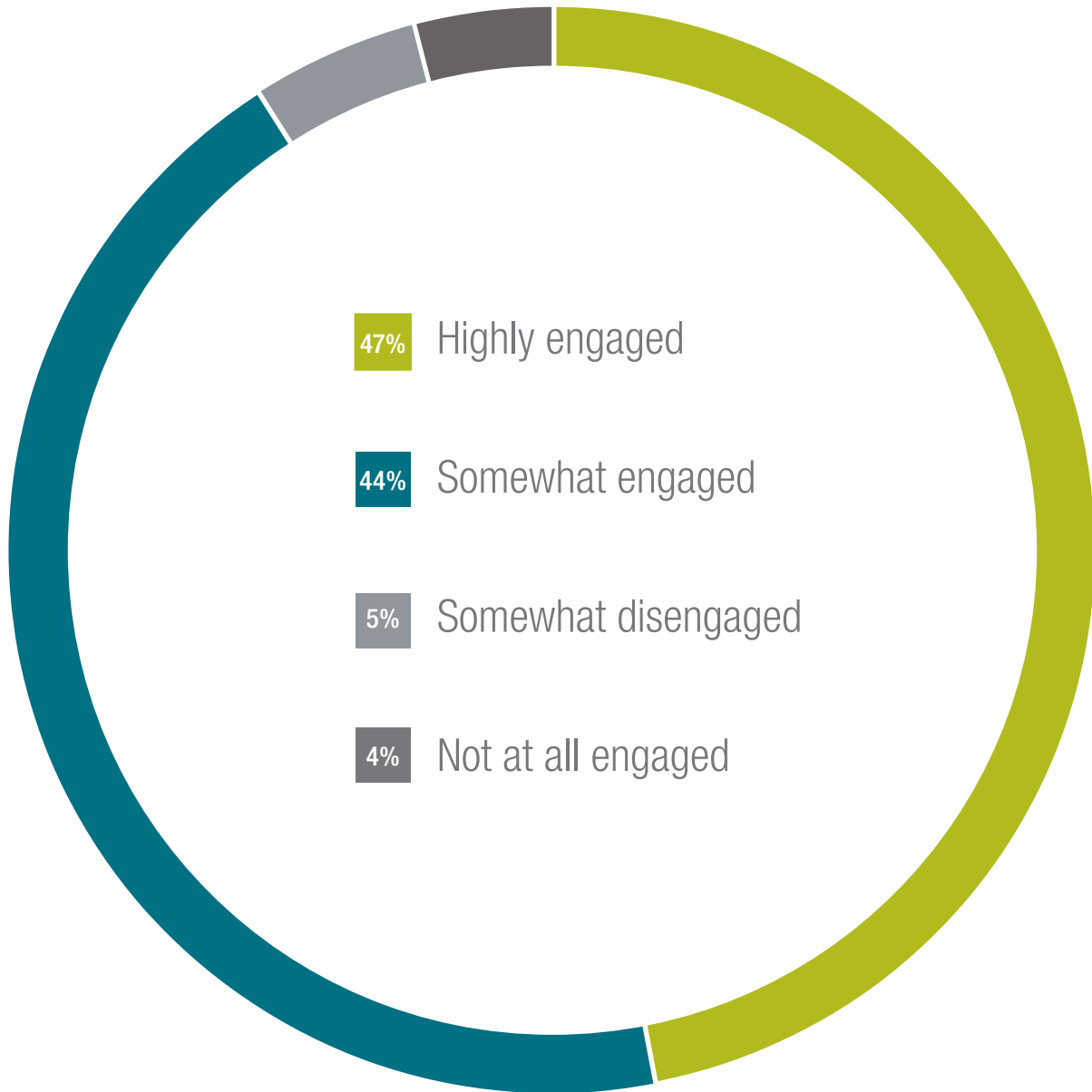
How well prepared do you believe your business is to comply with global anti-bribery risks?



Estimated program time and resources dedicated to ABC compliance vs. level of perceived preparedness of your business to comply with global anti-bribery risks.



How engaged is your company's leadership with anti-corruption efforts?



Methodology

Kroll and Ethisphere partnered to create the 2016 Anti-Bribery and Corruption Benchmarking Survey. The Survey was created by senior Ethisphere analysts and Kroll professionals in January 2016, and then distributed to an audience of senior-level corporate compliance officers worldwide from January 12 to February 19.

The survey produced 267 responses, from senior-level executives working in ethics, compliance, and/or anti-corruption. Of those 267 respondents, nearly half (46 percent), represented private companies; while an additional 43 percent represented public companies, and six percent identified their organizations as non-profit. The majority of organizations were headquartered in North America (52 percent), followed by Europe (28 percent), Asia-Pacific (12 percent), Africa and South America (4 percent each).

Twenty-two percent held the title of compliance and ethics officer, followed by chief compliance officer and executive, senior, or vice president (13 percent each). A wide range of other titles trailed closely behind, all of them related to compliance or anti-corruption activities.

The survey also went to a wide range of industries. Of the 267 qualified responses, the single largest industry group was business services (14 percent), followed closely by financial services and manufacturing (13 percent each). Several dozen industries were represented in the data pool.

The median worldwide employee headcount of the 267 qualified respondents was 1,000-9,999; while the median revenue segment was one billion to five billion dollars.

This was a self-reported survey from Kroll and Ethisphere's audience of ethics and compliance professionals. Neither Ethisphere nor Kroll attempted to verify or audit the data reported by survey-takers.

What Compliance Officers are Saying

How has the compliance function's focus changed at your company in the last 12 months?

"We are implementing an automated third-party due diligence system for the upcoming year and increased profile of the COBC and awareness of the Code across the entire organization."

"Brazilian authorities have issued an anti-bribery regulation in the last 12 months, so the company had to structure a compliance program to be compliant with the new regulation."

"We base our program on the risks identified through the bribery risk assessment process. We have enhanced training, improved documentation of the risk assessment process and this year, our focus will be on enhancing monitoring."

"Developed an independent compliance department whose charter is to develop the anti-bribery and anti-corruption program globally. Nearly everything is new."

"More external access and visibility. For example, we have posted our Zero Tolerance for Bribery, Corruption and Money-Laundering Policy on our external website. We also have done so for our supplier and business partner codes of conduct and incorporated our policy above into them, as well as anti-bribery laws and anti-bribery corruption principles of the UN Global Compact."

"More focus on in-person training. Establishing network of trainers throughout company who can assist in the in-person training efforts."

"Compliance focus has remained the same. We are introducing ABC training for agents, requiring refresher questionnaires for developing risk profiling on existing key suppliers and agents, and on-site ABC training and local risk challenges for newer Asia-Pac teams."

"Requesting third-party reports more often."

"New dedicated compliance staff abroad gives us a closer look and more access to higher risk commercial transactions."

"With intermediary due diligence of third parties now ingrained in our process and part of standard operating procedures, we are focusing more efforts on working with our businesses on their procedures for registering and tracking incoming and outgoing gifts and entertainment."

"New deployment of code of ethics and launch of e-learning site focused on ethics."

"The control framework has reinforced its focus on anti-bribery and we as affiliate have to fully implement the anti-bribery due diligence control in 2015."

"Greater emphasis on audit of control systems. Decreased use of agents/consultants with SOE in high-risk geography."

"There is more transparency among the different compliance groups and an increased focus on how we interact with each other (how our different pieces make up the whole of our compliance program)."

"Focus on due diligence remains strong. We added new policies like antitrust and know your customer."

"Huge movement to get current in all areas of compliance. At the beginning stages of pushing out a program to all employees and 3rd parties."

"More focus on third-party due diligence and engagement with legal and procurement to assist in the process."

How does the current trend toward increasing enforcement of anti-bribery and corruption laws by governments around the world affect your business plans for global expansion?

“We have a Global Code of Conduct, required for all of the territories in which we conduct business. The local codes of conduct may go further, but no less, than the Global Code.”

“We currently have no strategic plans to expand our operations outside the U.S., but our industry is in a stage of consolidation so the strategic plan could change.”

“We have to be vigilant in how the company works with the government.”

“The immediate impact is the need to increase due diligence even more. For example, in our business a better M&A procedure.”

“We see it as a good thing, as now the international locations seem much more focused on bribery prevention and understanding the implications for our businesses.”

“Greater awareness. More research in advance. Better planning.”

“Underlines the need for robust anti-corruption due diligence in all M&A and new market decisions.”

“We now move much more cautiously.”

“We need to be more proactive in our compliance matters. We know that the agencies are more active.”

“Results in greater compliance investment to support business initiatives.”

“It doesn’t affect our business plans; it affects the focus of our anti-corruption program.”

“We really need to figure out a way to automate some of the manual processes.”

“Transparency remains key for our expansion and we blacklist countries that are known for a lack of it.”

“Causing us to think more carefully about building in controls in high-risk countries, increase third-party training in high-risk countries.”

“Provides support for exercising caution and undertaking more due diligence.”

“It adds an additional level of checks and controls at the beginning and throughout the lifetime of a relationship.”

“Increased emphasis on awareness, particularly of business executives.”



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