

Anti-bribery and corruption threatened by commercial goals

- Commercial priorities push anti-bribery and corruption down the agenda
- 57% of chief compliance officers say sales pressure is a major threat
- 28% of companies fail to tailor global anti-bribery programs to local markets
- 53% of companies train half their staff or less in anti-corruption
- Significant business operations “hidden” from chief compliance officers

Multinational companies are failing to treat anti-bribery and corruption as one of their main priorities, with the majority (59%) reporting a culture of ‘profits over prevention’ and 44% not honoring this with a place on the board agenda, according to a new study by international law firm [Hogan Lovells](#).

This failure, together with the drive to enter new markets and the multijurisdictional reach of authorities such as the SEC and SFO, is leaving many businesses open to the potential risk of significant fines, criminal prosecution and personal liability.

The study, *Steering the Course: Navigating Bribery and Corruption Risk*, is based on interviews with 604 chief compliance officers (CCOs) and equivalent roles in more than 600 of the world’s largest organizations across Europe, the U.S. and Asia.

Profits over prevention

The struggle to balance anti-bribery and corruption procedures with the demands of running a successful business is apparent at all levels, with staff primarily motivated by hitting their monthly sales targets. According to the study, 59% of CCOs say people fear losing their jobs if they miss a target, while 57% say sales pressure and incentives are one of the biggest challenges to reducing bribery and corruption risk.

More than half (53%) of CCOs also report resistance due to compliance procedures conflicting with ‘getting the job done’, while 53% admit anti-bribery and corruption is seen as an unnecessary headache that ‘gets in the way’ of day-to-day operations.

Failure to implement

The study reveals that two thirds (66%) of CCOs feel their company is better at creating anti-bribery and corruption programs than implementing them – particularly across international borders. Programs fall short in several critical areas, including tailoring guidelines to local markets, training staff and setting the right tone at the top.

Despite two thirds (60%) of CCOs saying that cultural differences cause a lack of support for anti-bribery and corruption, 72% of companies do not tailor their approach to different markets and 43% do not make anti-bribery and corruption guidelines available in local languages. This could be preventing people from understanding the real essence of how employees should behave, leaving them to determine what is acceptable based on their personal moral compass or local customs.

53% of companies have only trained half of their staff or less in anti-bribery and corruption. As a result, the majority of firms are missing a simple and effective way of keeping anti-

bribery and corruption front-of-mind and bringing guidelines to life with real life examples and the opportunity to practice relevant scenarios.

The challenge to prioritize anti-bribery and corruption also exists at board level, with 40% of CCOs admitting that this is not one of the CEO's top priorities. Two fifths (39%) of CEOs also do not openly support anti-bribery and corruption within their business, missing a key opportunity to influence the behavior of others.

Crispin Rapinet, global head of Investigations, White Collar and Fraud at Hogan Lovells, comments: "The biggest challenge for multinational companies is to translate anti-bribery and corruption policies into effective guidance on the ground. Businesses need to make sure they are doing everything that is legally expected of them in all of the jurisdictions where they operate, to provide evidence that they help people decide what is acceptable and what constitutes bribery and corruption.

"With regulators and prosecutors around the world uniting in the battle against bribery and corruption, and enforcement growing – even in countries where historically there has been minimal or no enforcement – multinational organizations cannot leave their survival up to chance. They must take proactive steps to make it abundantly clear that anti-bribery and corruption is in their company's DNA."

Worlds apart

The study reveals that CCOs and their teams are still struggling to close the gap between them and the rest of the business, creating an additional major barrier to anti-bribery and corruption climbing the corporate agenda.

Three fifths (61%) of CCOs do not report directly to the chief executive, reducing their opportunities to educate and counsel them. 58% of CCOs say their advice to the CEO is filtered. Furthermore, anti-bribery and corruption is not a standing item on the board agenda in 44% of companies and 57% of CCOs say important operations or parts of the business are "hidden" from them, meaning they cannot be controlled.

CCOs also report geographical barriers to implementing anti-bribery and corruption programs. Half (49%) admit the geographical distance between them and the rest of the business is increasing the risk of bribery and corruption, while 39% of compliance teams do not personally visit local offices to guarantee effective implementation.

Fit for the future?

The study reveals that the risk of bribery and corruption is increasing, with almost half (43%) of CEOs not prepared to walk away from a contract if there is a threat of bribery and corruption due to commercial pressure.

At the same time, corporates are feeling the pinch of regulatory enforcement globally, with two thirds (69%) of CCOs agreeing that regulatory pressure is increasing and many governments issuing regular statements about zero tolerance to the media.

Rapinet continues: "It is clear that whoever you are, wherever you are, no part of the world is untouched by the drive for transparency. Compliance officers need to use global examples of this to build the case for greater prioritization of anti-bribery and corruption, identify the

gaps in their own business and persuade their board to take the necessary steps to quickly increase their defence.

“Employees similarly need to understand how they make the decision between striving for greater profit and managing the bribery risks. This requires both training at a local level and a real belief that the senior management team is committed to an ethical approach. Most businesses are under pressure on costs – but there are some cost-effective steps that can be taken to mitigate this risk and provide a better defence should your business come under the scrutiny of a prosecutor.”

ENDS

Notes to editors

Table one: Percentage of CCOs who say people fear losing their jobs if they miss their targets

Region	Percentage
UK	59
Germany	56
France	56
US	62
China	49
Singapore	62
Japan	73

Table two: Percentage of CCOs who say anti-bribery and corruption isn't a standing item on the their company's board agenda

Region	Percentage
UK	53
Germany	45
France	51
US	37
China	30
Singapore	46
Japan	41

Table three: Percentage of CCOs who say their company is better at developing anti-bribery and corruption guidelines than enforcing them

Region	Percentage
UK	56
Germany	68
France	70
US	74
China	49
Singapore	62
Japan	73

Table four: Percentage of CCOs who say they do not tailor anti-bribery and corruption procedures individually to local markets

Region	Percentage
UK	31
Germany	32
France	23
US	19
China	28
Singapore	42
Japan	32

Table five: Percentage of CCOs who admit that anti-bribery and corruption is not one of their CEO's top priorities

Region	Percentage
UK	45
Germany	46
France	52
US	28
China	37
Singapore	50
Japan	27

Media enquiries

Please contact Sally Duffy at Man Bites Dog on:

teamhoganlovells@manbitesdog.com

Direct: +44 (0)1273 200 522

Office: +44 (0)1273 716 820

Alternatively, please contact Vanessa Montero at Hogan Lovells on:

vanessa.montero@hoganlovells.com

Direct: +44 (0)20 7296 5070

About the study

The study spoke to 604 chief compliance officers or equivalent at 604 of the worlds largest multinational companies about anti-bribery and corruption, in 2016. The respondents were based in the UK (101), Germany (102), France (100), the US (151), China (57), Singapore (52) and Japan (41).

The companies had a minimum of 2,000 employees and at least £250m turnover, and operated in four sectors: life sciences and pharmaceuticals (124); energy, minerals and resources (138); transport, including aviation and automotive (152); and technology, media and telecoms (190).

About the Hogan Lovells Global Bribery and Corruption Task Force

The Hogan Lovells Global Bribery and Corruption Task Force offers international clients informed advice in a number of areas of risk, from reactive incident response measures to the development of proactive strategies for managing potential exposure through compliance programs.

Our task force brings together a cross-jurisdictional team of partners from Hogan Lovells' international network with more than 25 years of experience in large-scale investigations. The task force has real experience on the ground in the United States and Europe (including the United Kingdom, Germany, Spain, Italy, and France), as well as in Russia, Asia (including China and Hong Kong), the Middle East, Latin America and Africa. Hogan Lovells is a recognized leader in investigations and fraud work, being ranked in the top tier of leading legal directories.

About Hogan Lovells

www.hoganlovells.com

For more information, see www.hoganlovells.com

Hogan Lovells is a leading global law firm providing business-oriented legal advice and high-quality service across its exceptional breadth of practices to clients around the world.

"Hogan Lovells" or the "firm" is an international legal practice that includes Hogan Lovells International LLP, Hogan Lovells US LLP and their affiliated businesses.

The word "partner" is used to describe a partner or member of Hogan Lovells International LLP, Hogan Lovells US LLP or any of their affiliated entities or any employee or consultant with equivalent standing. Certain individuals, who are designated as partners, but who are not members of Hogan Lovells International LLP, do not hold qualifications equivalent to members.

For more information about Hogan Lovells, the partners and their qualifications, see www.hoganlovells.com.

Where case studies are included, results achieved do not guarantee similar outcomes for other clients.